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The author of this dissertation is:

Tina M. Wilson

P.O. Box 143145

Fayetteville, GA 30214

The director of this dissertation is:

Denish Shah

J. Mack Robinson College of Business

Georgia State University

Atlanta, GA 30302-4015

Analyzing the Budget and Strategic Plan Relationship: A Case Study Approach

by

Tina Marie Wilson

A Dissertation Submitted in Partial Fulfillment of the Requirements for the Degree

Of

Executive Doctorate in Business

In the Robinson College of Business

Of

Georgia State University

GEORGIA STATE UNIVERSITY

ROBINSON COLLEGE OF BUSINESS

2021

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## ACCEPTANCE

This dissertation was prepared under the direction of the *TINA MARIE WILSON* Dissertation Committee. It has been approved and accepted by all members of that committee, and it has been accepted in partial fulfillment of the requirements for the degree of Doctor of Philosophy in Business Administration in the J. Mack Robinson College of Business of Georgia State University.

Richard Phillips, Dean

## DISSERTATION COMMITTEE

*Dr. Denish Shah (Chair)*

*Dr. Mark Keil*

*Dr. Amanda Beck*

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“When day comes we step out of the shade, aflame and unafraid, the new dawn blooms as we free it. For there is always light if only we’re brave enough to see it. If only we’re brave enough to be it” – Amanda Gorman

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“....and let us run with endurance the race God has set before us.” Hebrews 12:1

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## ABSTRACT

Analyzing the Relationship Between the Budget and Strategic Plan: A Case Study Approach

by

Tina Marie Wilson

April 2021

Chair: Denish Shah, PhD

Major Academic Unit: Doctorate in Business Administration

The strategic plan and budget remain essential factors in the strength of most organizations. Organizations only have a finite amount of financial resources to deploy to continue to carry out their vision, mission, and goals, more commonly known as the strategic plan. The purpose of the budget is to funnel those financial resources to execute that mission. Many organizations experience a divergence between their budget and strategic plan. The literature is inundated with coverage on the budget and strategic plan yet mainly centers around them as entirely separate and distinct topics. This study examines the relationship *between* the budget and strategic plan, where it is critically important to have alignment, and how an individual's perception of time factor into misalignment. To address this gap, I provide an in-depth case study of a large municipality. Organizations such as these often have tighter budgetary constraints, public service commitments, complicated public policy implications, and more legal restrictions than the private sector. Further, I explore how an exogenous shock, such as the COVID-19 pandemic, amplifies the budget and strategic plan's misalignment. I conducted a total of twenty-three semi-structured interviews with senior- and executive-level personnel. I supplemented the interviews with publicly available materials, strategic plans, proposed and adopted budgets, and website information. As a result, these findings offer a detailed empirical

account of how the budget and strategic plan's relationship evolves over a fiscal year within a large government. Based on a broad analysis of this data, I also find that the budget and strategic plan relationship and the explanations for misalignment can be more complex and subtle than previously thought. Additionally, I provide exemplary lessons for practitioners to identify, manage and mitigate misalignments between the budget and strategic plan within their own organizations to maximize financial and non-financial performance outcomes.

INDEX WORDS: Budget, Strategic Plan, COVID-19, Budget and Strategic Plan Relationship, Public Finance, Temporal Dimensions

## I INTRODUCTION

From Deloitte to Ernst & Young to McKinsey, a quick Google search reveals a plethora of consultants at the ready to improve an organization's budget and strategic plan. In fact, this search offered 183,000,000 results.<sup>1</sup> Consultants are retained and paid hefty consulting fees to solve these specific, real-world business problems across organizations, public and private, large and small. They provide a solution for pain points in developing the budget and strategic plan, but this approach targets the symptoms and not the underlying problem. What gets missed is *why* there are problems within the budget and strategic plan to begin with. The systematic approach applied is to understand the relationship between the budget and strategic plan, their similarities, and differences, compare and contrast them, and then address why they become misaligned. In this way, I attempt to identify and address the unity and the disharmony that emerges between the two much earlier.

Strategic planning includes crafting strategies and defining objectives to achieve specific goals. A well-formulated strategy helps gauge and distribute an organization's resources based on its known strengths, weaknesses, and anticipated future events (H. Mintzberg, Lampel, L., Quinn, J. & Ghoshal, S., 2003). Ultimately, the design, construction and implementation of a set of decisions and actions will result, orchestrated systematically to achieve those goals. Budgeting is the process by which an organization's financial resources are allocated and can be a significant driver in supporting the strategic plan. Budgeting lends financial strength to the strategic plan and is one of the most critical activities an organization undertakes. The delicate act of allocating funding to specific goals and objectives is not easy. Ideally, the budgeting process ties funding decisions into the organization's goals and objectives. This process also involves a set of decisions

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<sup>1</sup> Google Search: Consultants offering budget and strategic plan services, accessed 1.26.2021



that result in allocating the organization's financial resources amongst various units or sub-units. With alignment comes crucial financial insights that help organizations succeed, so linking the budget and strategic plan must be prioritized (Jordan, 2003).

Organizations use budgeting and strategic planning as essential management tools that affect managerial decision making; however, the timing of both these decisions have consequences (outcomes) that play out over time. Prioritization, tension, and misalignment can and do occur. The result may be an organization with a strategic plan that does not adhere to the budget or a budget that does not allow for the successful or full execution of its strategic plan. Non-profits and governmental entities are not exempt; they have the added complexity of balancing policy, public service, and legal and fiscal responsibility. Additionally, non-profits have by-laws, and governmental bodies have laws and restrictions to abide by.

In most cases, a government's budget is a legal document authorized and adopted by the legislative and executive branches. These organizations are many times forced to work within more budgetary constraints than the private sector. Unlike the private sector, governments budget expenditures based on anticipated revenue; there is no profit motive (Lee & Plummer, 2007; Rubin, 1990). Legally authorized limits to taxes and fees constrain anticipated revenue and increasing revenue sources can be cumbersome and bureaucratic. When financial resources are scarce, the budget is under even more pressure, and difficult decisions for resource allocations abound. The strategic plan is no exception; both often fight for the same limited resources and prioritization.

Furthermore, since there is distance (time) between the decision (e.g., strategic plan setting, budget allocation) and the effects of that decision (e.g., actual performance against the set goals, delivery of strategic initiatives, actual spend vs. budget), individuals tend to underestimate or

devalue the impact of the decision in the future. Because performance feedback is received later, or over time, there are tradeoffs encountered, a decision to spend now limits what can be spent later; however, individuals underestimate this tradeoff's implication because they may focus on the near-term decisions. Behavioral economists suggest that decisions are strongly influenced by context and vary much across time and space (Barberis, 2018; Darling, 2012; Heukelom, 2014; Madden, 2000). Specifically, many choices, like allocating budgets and formulating strategic plans, are commitments whose outcomes play out with time. Behavioral economists deviate from traditional economic theory by integrating the sociological and psychological factors necessary to understand further how people make decisions, in this case, financially impactful ones over time.

Within an organization, the budget and strategic plan are often at odds. Sometimes one exists without the other. At other times, they are done independently of one another. An obvious disparity between the budget and strategic plan is the time horizon on which they focus. The budget tends to center on a short-term, often one-year time frame. The strategic plan usually concentrates on three to five years, sometimes longer (Jaques, Bygrave, & Lee, 2001). The lack of empirical data on a potentially interesting relationship between the budget and strategic plan may lie within these temporal dimensions. With that as a backdrop, this study seeks to answer:

*How do the temporal dimensions of behavior help explain misalignment between the budget and strategic plan?*

The COVID-19 pandemic also introduced enormous risk and uncertainty in maintaining revenue and service delivery levels. Organizations could not assume “business as usual,” using prior-year revenues and expenditures to build budgets and strategic plans incrementally. The COVID-19 pandemic launched an assault on employee safety concerns and blurred the picture of once-stable revenue streams. With business closures, stay-at-home orders, and sky-rocketing

unemployment, the pandemic sent the U.S. economy into the steepest and fastest recession in history. With depressed revenue and governments' difficulty making quick adjustments to spending, governmental agencies are, or will be, forced to use their reserves. With the enactment of the Coronavirus Aid, Relief, and Economic Security (CARES) Act in the United States, trillions of dollars in federal aid have kept consumers' spending, businesses open, and many state and local governments afloat. Governments and businesses have been churning the economic data, forced to reset financial expectations and strategic priorities. This economic shock has sent waves across the world and has significant implications for how organizations must shift to meet their budgets and strategic plans. To that end, this study also seeks to answer:

*How does a major exogenous shock amplify misalignment between the budget and strategic plan?*

The purpose of this qualitative, single-case study is to analyze the relationship between the budget and strategic plan, how an individual's perception of time may influence this relationship, and to examine what role an exogenous shock plays in magnifying misalignments between them in a large municipality over a fiscal year. This study fills a gap in the literature by building theory and providing additional insights into organizational behavior for both researchers and practitioners faced with the challenges brought on by misalignment between the budget and strategic plan. This novel case study generates significant value by focusing on the perceptions, observations, and insights of senior and executive leadership and adds to the body of budget and strategic plan literature. An integrated, conceptual framework model clarifies the relationship between the budget and strategic plan while offering a crosswalk at the intersection of economics, psychology, and sociology. Importantly, this study provides principles for practitioners to identify, manage and mitigate misalignments between the budget and strategic

plan within their public entities. Summarized below are the key components of the study in

**Table 1.**

**Table 1: Research Design Summary**

<i>Component</i>	<i>Definition</i>	<i>Specification</i>
<b>Title</b>	The title expresses the essence of the research design, with an emphasis on the contributions.	Analyzing the Budget and Strategic Plan Relationship: A Case Study Approach
<b>RQ</b>	The research question relates to the problem setting, opens for research into the area of concern, and helps ensure the research design is coherent and consistent.	How do the temporal dimensions of behavior help explain misalignment between the budget and strategic plan?  How does a major exogenous shock amplify misalignment between the budget and strategic plan?
<b>A</b>	The area of concern represents some body of knowledge in the literature that relates to the problem setting.	Analyzing the underlying relationship between the budget and strategic plan to understand how, why, and when misalignment occurs. Understanding how an exogenous shock to the economic environment amplifies misalignment between the budget and strategic plan.
<b>P</b>	The problem setting represents people's concerns in a problematic real-world situation.	Organizations use budgeting and strategic planning as key management tools that affect managerial decision making; however, the timing of both these decisions have consequences (outcomes) that play out over time. Tension and misalignment can and do occur. The result may be an organization with a strategic plan that does not adhere to the budget or a budget that does not allow for the execution of the organization's strategic plan.
<b>F</b>	The conceptual framing helps structure the collection and analysis of data from the problem setting to answer the research question. F <sub>A</sub> draws on concepts from the area of concern, whereas	F <sub>A</sub> : Temporal dimensions of behavior as a cause of misalignment between the budget and strategic plan relationship.  F <sub>r</sub> : Incorporating an exogenous shock as an amplifying mechanism to misalignment between the budget and strategic plan.

	F <sub>I</sub> draws on concepts independent of the area of concern.	
<b>M</b>	The method details the approach to empirical inquiry, specifically to data collection and analysis.	An embedded single case study exploring how the relationship between the budget and strategic plan aligns and misaligns within a large municipality.
<b>C</b>	The contributions to the problem setting and area of concern and possibly to the conceptual framework and method.	<p>C<sub>A</sub> (Contribution to the Area of Concern): A detailed empirical account of a large municipality, including an integrated conceptual model, which identifies how, when and why disconnection occurs between the budget and strategic plan.</p> <p>C<sub>P</sub> (Contribution to the Problem Setting): Lessons for how large municipalities can identify, manage and mitigate misalignment between the budget and strategic plan.</p>

(adapted from Mathiassen, 2017)

## I.1 Background: The Budget and Strategic Plan Relationship

Strategic planning can play a crucial role in an organization's success. Targets set forth to be achieved, and guidelines to attain them are captured under the umbrella of strategic planning. The literature also suggests that governments benefit from strategic planning because developing a multi-year plan links the organization's current or proximal status with a more distal vision (Beckett-Camarata, 2003; Streib & Poister, 1990; Young, 2003). Budgeting plays a vital role in achieving the strategic plan as it acts as strong support, even a catalyst, in formulating and processing the programs financially. “It is the process that finally brings together the goals, plans, and responsibilities of the organization (*strategic plan*) and, at the same time, achieves financial coherence (*budget*) for the enterprise” (Bunce, Fraser, & Woodcock, 1995, pp. 256-257).

Budgeting and strategic planning are not mutually exclusive. Strategic planning integrates the organization's goals, policies, and objectives into an action plan. Although all objectives may not have a financial implication, it is expected that strategic plans would influence the amounts in the budget. Libby (2010) points out that budgets are rarely linked to strategy and is cause for concern. It seems that organizations implicitly believe that budgets *should* be designed to support the strategic plan and that the relationship exists, but the exact ties remain unclear or inconsistent. Complex organizations cannot be fully understood without analyzing the underlying relationships between their individual parts (i.e., budget and strategic plan) (Jordan, 2003). Without deliberate action, the two continue to exist independently of one another with rippling effects across the organization where budgets are over-run or strategic plans get set on the shelf.

## I.2 Key Terms and Definitions

Key terms and definitions are described in the table (See Table 2) below:

**Table 2: Key terms and definitions**

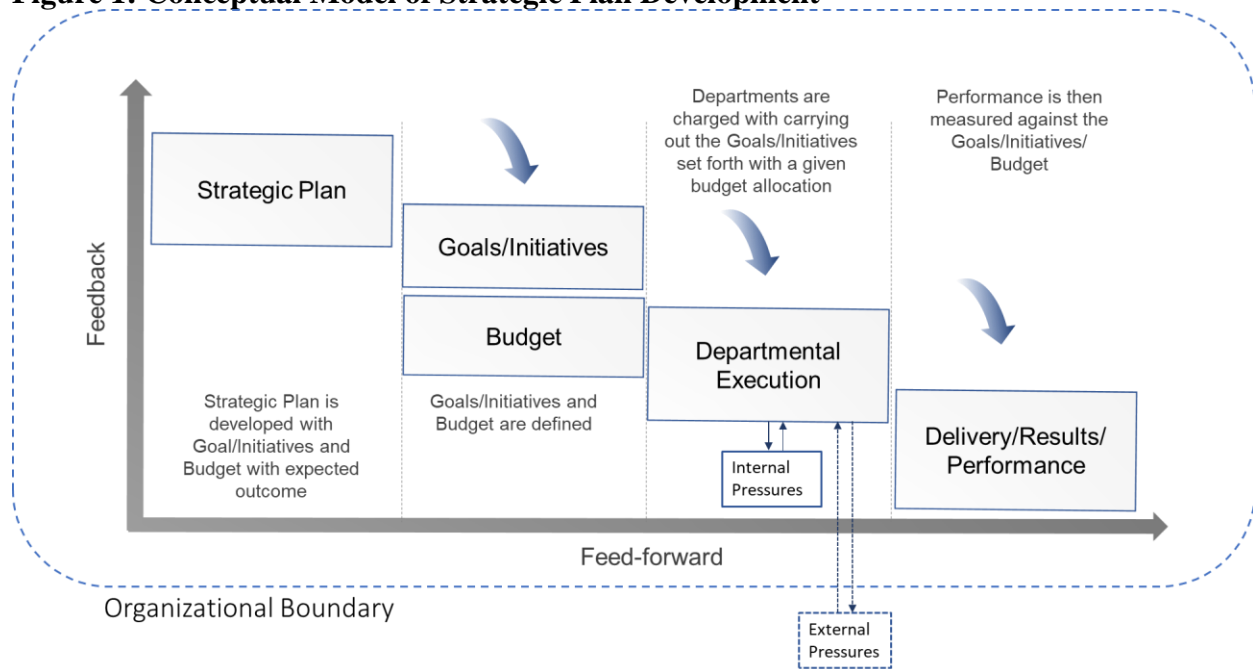
<b>Key Terms</b>	<b>Definitions</b>
<b>Budget</b>	The financial plan of an organization and allocation by sub-unit for a defined period
<b>Strategic Plan</b>	An organization's defined vision, mission, goals, or initiatives
<b>Performance Outcome</b>	Measurement tools and metrics to determine actual achievement of set goals or initiatives
<b>Behavioral Economics</b>	The application of variants to customary economic assumptions (often with a psychological motivation) to explain and predict behavior (Laibson, 2015)
<b>Alignment</b>	Being in a position of agreement or appropriate relation to something else
<b>Misalignment</b>	Being out of correct position or arrangement in relation to something else
<b>Temporal Dimensions of Behavior</b>	The influence of time on individuals' evaluations, decisions, and preferences
<b>Present Bias</b>	Individual's bias towards the present, placing a greater importance on items achieved or received in the present moment rather than receiving the same in the future (O'Donoghue & Rabin, 1999)
<b>Memory</b>	Individual's tendency to evaluate a past event centered around the most satisfying or agreeable instances and its end, rather than the average of every experience's moment (Kahneman & Tversky, 1999)
<b>Time Discounting</b>	Individual's perception of present events being weighted more heavily than future ones, the future discounting is non-linear and not constant over time (Frederick, Loewenstein & O'Donoghue, 2002)
<b>Forecasting</b>	Individual's tendency to often be overly optimistic when making plans or predictions for the future (Wilson & Gilbert, 2003)

<b>Diversification Bias</b>	Individual's desire to seek more variety when they choose multiple items for the future simultaneously than when they make choices sequentially but overestimate their need for diversity (Read & Loewenstein, 1995)
<b>Exogenous Shock</b>	A sudden change or disruption that originates from outside the economic system that has a major impact on the economic system

### **I.3 Research Motivation**

For practitioners, the budget and strategic plan relationship have been at the heart of much frustration within organizations for decades. For researchers, the literature is overwhelmingly abundant with every nuance, variance, view, and possible issue associated with the budget and strategic plan; however, the studies are done mostly in isolation, independent of one another. A closer examination reveals that an analysis of the relationship between the two has been largely ignored in academia, except for research conducted by Beckett-Camarata (2003), which found a statistically significant effect on financial performance when the strategic plan is combined with the *capital* budget. This leads us to conclude that the (operating) budget and strategic plan are more effective when done collectively and can be successfully merged. Kenno, McCracken, and Salterio (2017) put out a call for researchers to examine internal and external pressures that influence the relationship between the budget and strategic plan. I visually conceptualize the strategic plan's ideal development with feedback and feedforward communication in the figure below (*See Figure 1*).

**Figure 1: Conceptual Model of Strategic Plan Development**



This study seeks to answer academia's call in this qualitative analysis of the budget and strategic plan relationship. This analysis of the relationship's intertwined nature, when, why, and how misalignment occurs fills this research gap. More specifically, due to the differing time horizons often ascribed to the budget and strategic plan (Jaques et al., 2001), this study seeks a novel perspective by exploring the temporal dimension of behavior as a cause of misalignment of this relationship. Additionally, the recent COVID-19 pandemic has increased uncertainty, ambiguity, and unpredictability of organizations' financial health and well-being and the overall economy. Given the financial underpinnings of the budget and strategic plan, this study also examines the extent to which an exogenous shock magnifies this divergence. How effectively organizations identify, prioritize and adjust for misalignment between the budget and strategic plan largely determines the extent to which they both will be executed successfully. Bringing an engaged scholarship perspective to tie in this real-world problem with a research lens motivates this study.



The paper is structured as follows. In the next section, I review the outstanding literature on budgets and strategic plans. Next, I present theoretical perspectives of the temporal dimensions of behavior and exogenous shock as potential factors or causes of the budget and strategic plan's disconnection. I then describe the qualitative methodology, explaining the embedded, single-case study with twenty-three senior- and executive-level leaders, and define the integration of secondary and supplementary documents. Subsequently, the case results are presented, along with the explication of theoretical propositions. Finally, I conclude with a discussion of the key findings, contributions to theory and practice, study limitations, and future research implications.

## **II LITERATURE REVIEW**

### **II.1 Area of Concern**

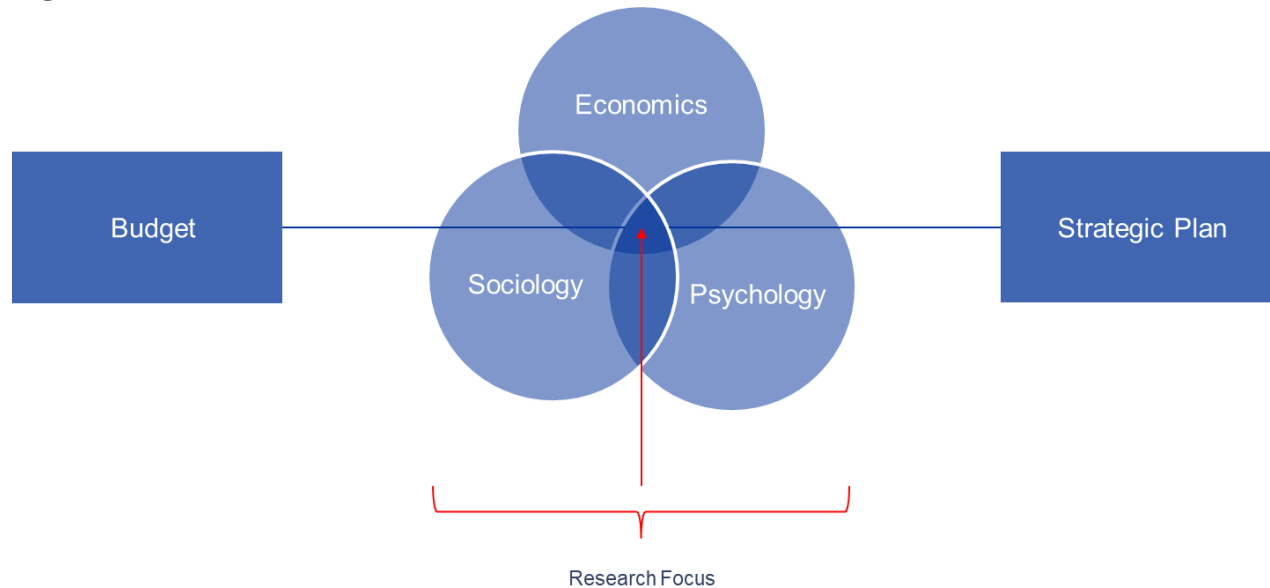
While budgeting is an integral part of most organizations, managers and researchers have diverted considerably from the original concept of budgeting – to provide a methodology to allocate spending (Key, 1940). A substantial number of studies explain why by examining budgeting from a procedural, realistic, actionable, and achievable perspective. This concept has been analyzed across three major theoretical perspectives – economic, psychological, and sociological. Economic theory assumes rational individual behavior and provides a method to identify problems and solutions to model reality. Psychological theories describe and predict how individual behavior, such as motivation, are affected by and affect budgeting. Sociological theories provide insights into an organization, the world in which they operate, and how individuals react and interact (Kenno, Lau, & Sainty, 2018).

Likewise, the strategic plan has a long history within organizations and continues to be one of the most prevailing management tools. It is primarily defined as a systematic approach to strategy development and described as a process that would include activities such as periodic evaluation of performance goals, budgeting, and interpreting priorities into resource allocation decisions (Blumentritt, 2006; H. Mintzberg, 1978; Wolf & Floyd, 2017; Young, 2003). The aim of strategic planning is to influence and control the organization's direction for a defined period comprised of various activities to fulfill that purpose. Therefore, the relationship between the strategic plan, budget, and performance outcomes are undeniably intertwined.

Previous research has examined how various characteristics of individuals, organizations, and their environment affect budgeting and its outcomes (Ho, 2018; Robinson, 2007); however, an investigation into the budget and strategic plan's interrelationship has been lacking. This study provides a new perspective on this line of research by focusing on the interplay at work within the

budget and strategic plan relationship. It examines if and how the intersection of economics, psychology, and sociology explains how, when and why misalignment occurs (*See Figure 2*).

**Figure 2: Research Focus**



The focal case of this study will take place in a large public sector organization. Here, funding for the budget is primarily derived from tax revenue. Private-sector organizations must generate revenue through a prospective and innovative business model that maximizes income while minimizing expenses (Menifield, 2013). Unlike the private sector, public sector organizations cannot easily raise revenue (i.e., increase taxes) to meet budgetary shortfalls and overspending. Therefore, the equation's expenditure side is often focused on effectively balancing the budget while still delivering the same level of service and social programming.

### ***II.1.1 Behavior-driven process***

Budgeting and strategic planning aim to manage a certain level of predictability within the organization. If participants adhere to the budget and strategic plan, the likelihood of the organization's desired outcome is reasonably predictable. However, those participants' actions and behavior determine whether or not the budget is met or the strategic plan is executed. The

budget should drive an individual's decisions in spending behavior, and the strategic plan should serve as the guide for individual behavior in delivering on the goals and initiatives set forth.

Budgets play a crucial role in management controls (Key, 1940). Budgets were designed as a means to allocate financial resources across organizations and emerged in the 1920s as a management tool for controlling costs and cash flows in industrial organizations (Hope & Fraser, 2003). Budgets are meant to communicate the monetary needs clearly and concisely to operate a unit, department, or group effectively. The focus is mainly to define financial resource availability accurately and allocate those resources appropriately to organizational units. Across the literature, the budgeting process is described as a compromise, a political process, a ritual, a negotiation (Jónsson, 1982; Otto, Dempster, & Aaron, 1966; Rubin, 1990).

Jónsson (1982) further describes opposing forces: advocates who argue for better services and more expenditures, and guardians, those that cut budgets in defense of balancing the budget or conservatism. Psychological theories recognize motivational and cognitive mechanisms at work, such as participation, reward, and recognition systems (Kenno et al., 2018). Budgeting is a complex behavioral process influenced by internal and external factors such as authority, perceptions, and heuristics (Davis, Devinney, & Unwin, 1997; Jónsson, 1982; Kenno et al., 2018; Kren, 1992; Neuby, 1997; Rubin, 1990). Yet, year after year, traditional budget processes take hold. The way the budget is built tends to be incremental or uphold the status quo (Bunce et al., 1995; Hope & Fraser, 2003; Ribnick & Levenson, 2019) rather than innovate, enable change, or allow for flexibility.

Similarly, strategic plans can begin to form more of a pattern than a plan and resemble redundant acts rather than an intended and deliberate strategic plan. “As pattern, strategy focuses on action, reminding us that the concept is an empty one if it does not take behavior into account.

Strategy as pattern also introduces another important phenomenon in organizations, that of convergence, the achievement of consistency in behavior” (H. Mintzberg, 1978, p. 20). In this sense, reliance on strategic planning tends to promote maintaining, through consistent behavior, the status quo. Accordingly, this approach favors short-term change over the long term due to flaws in forecasting, lack of vision, and lack of confidence in predicting. This study sought to understand the underlying behaviors, particularly temporally focused behaviors, as a cause of divergence between the budget and strategic plan.

### ***II.1.2 Assumption of Rationality***

Most individuals go about their work, not deliberately thinking about whether their behavior or decisions are rational. Their tasks are completed, and they believe their decisions are based on clear thought and reason. Judging whether a behavior is rational can only be determined by viewing the behavior in the situation in which it takes place (Simon, 1986). Defining a budgeting process and strategic planning process is the organization’s attempt to do away with nonrational processes subject to motivations and emotions. Organizations try to emphasize the rational logic behind structured budgeting processes and strategic planning processes to minimize uncertainty, inconsistency, and unpredictability (Davis et al., 1997; March, 2006).

The budgetary process gives the illusion of orderliness with deadlines, guidelines, procedures, and its own sense of vocabulary (Forrester, 1993; Jónsson, 1982; Kenno et al., 2018). The traditional budget process begins by setting a revenue forecast and budget goals. Department budgets primarily start with last year's costs and year-to-date actuals, with minor tweaks. After many time-consuming iterations, cuts, negotiations, and re-negotiations, a budget is "agreed" to. It is a decision point: to allocate financial resources and decide to comply, compromise, or reject such requests. It follows that there were rational decision-making

processes and predictable human behavior. Economic theory assumes budgetary decision-makers are rational and capable of forming unbiased expectations. It is this formal means-end that ignores the potentially arbitrary decisions, especially apparent in incrementalism-based traditional budgeting models, the oldest and most common budgeting process used in the public sector, where budgets and decisions are based largely on the previous year funding level (Forrester, 1993; Neuby, 1997; Rubin, 1990). In this way, budgets ignore special situations within departments and, importantly, departments with high achievement and clear goals but low costs (Li & Wang, 2010). Incrementalism was lauded by public policy theorists for decades as a logical and predictable approach to the budgeting process, leveraging assumptions that decision rules would be linear and temporally stable (Otto et al., 1966). In stark contrast, strategy theorists believed that incrementalism was best suited for unstable, complex environments with a high uncertainty level (Brews & Hunt, 1999).

Strategic planning also gives the sense of a systematic process mainly through structured, formal agendas. Strategic planning has been conceptualized as a formalized, deliberate, rational, and linear process (H. Mintzberg, 1994; Wolf & Floyd, 2017; Young, 2003). When not explicitly stated, there is an underlying sense of formal rationality. Prior research also emphasizes strategy formulation as ends, what the organization desires to achieve by way of its mission, purpose, goals, or objectives, and means, how the organization will go about achieving the ends, including resource allocation (Brews & Hunt, 1999; H. Mintzberg, 1987).

H. Mintzberg (1994) expounded on the flaws in rational-design approaches behind many strategic planning processes. Eloquently, he termed the fallacy of predetermination: having too much unpredictability to set a course of action, the fallacy of detachment: the thinkers are not the doers, and formalization fallacy: strategic thinking, strategic planning, and strategy making are

not the same and are often at odds. Further, strategy making is a highly complex process that demands sophisticated human cognitive ability drawing on various informational inputs, many of which are non-quantifiable (H. Mintzberg, 1994). Although well-intended, strategic planning approaches have apparent built-in pitfalls where unpredictable environments, decision-makers disconnected from the facilitators, and formalizing processes that succumb to inconsistent terminology impede rational decisions (Brews & Hunt, 1999; H. Mintzberg, 1978, 1994; Steensen, 2014). To expand on Mintzberg's concerns regarding strategic planning, this study sought to challenge the underlying assumption of rationality applied to many budget and strategic planning processes as a cause of divergence between the budget and strategic plan.

### ***II.1.3 Incongruence***

Incongruence is the term used to capture the inconsistency between what a person says and what they do. It refers to a discrepancy between what an individual actually experiences and what they *perceive* as that experience (Rogers, 2007). Individuals believe they are intentional, aim at goals, and are aware that they cause future events; however, their actions do not always align with what they initially sought out to do. How this difference between saying and doing arises has been a matter of study for psychologists and sociologists for decades. Organizational leaders often perceive that their actions are in line with the strategic plan's goals, and their spending decisions are in line with the budget; however, their actions and efforts may say otherwise.

From a budget perspective, sociology helps explain how budgetary decisions are communicated, understood, and felt across the organization. Societal and cultural dimensions can influence the degree to which those decisions are embraced and complied with (Kenno et al., 2018). With limited financial resources, an increase in one department's budget could decrease another's. Not only are budgetary decisions experienced by other organizational units, these

decisions often ignore the diversity of interests between the present and the future. Budgetary decision-makers often align more closely with short-term goals (Key, 1940; Kren, 1992; Li & Wang, 2010); however, the consequences of budgetary decisions play out over some time, even years (i.e., loss of revenue, opportunity costs). What departments budget versus what they actually spend on is often different over a fiscal year. To the extent budgets experience a lack of buy-in, real accountability, and consequences, departmental leaders may find the budgeting process ritualistic, time-consuming, and not linked to the strategic plan (Jónsson, 1982; Libby & Lindsay, 2010). Where there is a lack of commitment, overspending is often a result. A department leader that agrees to a budget, then later deviates from that budget, confirms incongruent behavior either by disinterest, disconnection, or dysfunction.

Similarly, understanding and committing to strategic plans by department leaders are both influenced by the way those plans are presented and designed. How strategic plans are written and communicated makes a difference in how strategic plans are received and whether they may be ignored or embraced (Blumentritt, 2006; Brews & Hunt, 1999; Wolf & Floyd, 2017). In a seminal piece, H. Mintzberg (1978) identified critical fundamental differences in how strategic plans are defined: as intended, as realized, and realized unintentionally. Intended strategies that do not get realized could be due to several reasons, including unrealistic expectations, misjudgments, unforeseen changes, or lack of buy-in. Strategic planning requires that an organization either control its environment, predict its path forward, or assume stability. Otherwise, the individuals responsible have already committed to promises they cannot keep. Without connecting acting to thinking, thinking to implementation, and implementation to formulation, the divide between what individuals plan and what they execute will remain elusive (Brews & Hunt, 1999; H. Mintzberg, 1994; Steensen, 2014).



Once the strategic plan is developed, its purpose is to set a course of action. Individuals may find it challenging to commit initially, but nonetheless do commit to the strategic plan's delivery and execution. The obligation is set; however, this direction may be forced and resistant to change while seeking flexibility (H. Mintzberg, 1994; Ribnick & Levenson, 2019) from the individuals responsible for execution. The individual must commit to a rather rigid plan but must also be flexible enough to carry out the strategic plan; the expectation of executing that strategic plan often goes unchanged. Again, department leaders who agree to implement and execute the strategic plan, then deviate from it, confirm incongruent behavior either by indifference, inaction, inconsistency, or even incompetence. This study sought to understand the underlying explanations as to why individuals commit to acts they often cannot deliver on as a cause of divergence between the budget and strategic plan.

#### ***II.1.4 Unintended Consequences***

Outside of the time commitment devoted to developing budgets, there are often unintended hidden consequences of the budget (i.e., intra-organizational envy). Budgets tend to be inflexible by nature and have limited adaptability during a set time (Libby & Lindsay, 2010), especially in the public sector. Budgets have been used as control mechanisms as managers often use the budget as a means of control and to exert authority over spending (Bunce et al., 1995; Costello, Petacchi, & Weber, 2017; Neuby, 1997). Some authors argue that budgets are fundamentally flawed by using historical precedents, simple fiscal decision rules, and satisficing techniques (Jónsson, 1982; Li & Wang, 2010; Neuby, 1997). Department leaders are often motivated to inflate budgets to appear fiscally responsible or have monetary incentives to do so (i.e., bonuses/reward system) (Jónsson, 1982; Libby & Lindsay, 2010). However, there is no explicit financial reward to underspending within the public sector and no direct financial

penalty to overspending (Lee & Plummer, 2007). Ironically, department leaders face this difficult conundrum: if their budget request is higher than expected, they risk losing credibility, as well as a hefty budget cut. If their budget request is too low, they risk receiving an inadequate budget allocation (Otto et al., 1966).

Strategic plans were intended to influence an organization's direction for a given period, direct and execute strategic decisions, including a periodic review of progress towards performance goals, budgets, and translate the priorities of the strategic plan into resource allocation decisions (Wolf & Floyd, 2017; Young, 2003). Researchers highlight behavioral problems that infiltrate the strategic planning process, such as opposition to change and the fear of making mistakes. Cognitive bias and information processing limits can also negatively influence strategic planning's effectiveness (Barnes Jr, 1984; Simon, 1991; Wood & Bandura, 1989). In organizations where strategic planning is performed ritualistically, agency and actors' roles highlight that those who develop the strategic plan are often not the ones who execute the plan. Department leaders may "go along" with the organizational strategic plan to satisfy management or reduce internal conflict. Feeling pressured to deliver, researchers also find that at times department leaders may hold back their true intentions to keep their strategic plans flexible and open for revision (Brews & Hunt, 1999; Ribnick & Levenson, 2019; Steensen, 2014). As a result of this internal struggle, an optimal strategy engendering commitment from management and staff may suffer. This study sought to discover the root causes of these unintended consequences. In doing so, I sought to understand their role in the divergence between the budget and strategic plan.

## II.2 Literature Gaps

The literature commonly points to motivational aspects affected by and affecting budgeting and potentially irrational and arbitrary decisions (Kenno et al., 2018; Kren, 1992; Neuby, 1997). There is no clear development of the criteria for selecting what resources get spent on what and why (Hyatt, 2020; Key, 1940). In the public sector, officials aim to choose initiatives that offer the most utility and accurately serve society. Internal and external pressures often influence how effective those initiatives are executed. The media may disturb the budgetary process (Jónsson, 1982), and political motivations and self-serving interests can often derail the budget (Young, 2003). *Despite budgeting being an integral part of most organizations, managers and researchers have been unable to provide a robust and comprehensive approach to allocate financial resources.* The disconnection between theory and practice leaves both the academic and practitioner seeking further identification and definition of the budget's purpose and how it contributes to the organization's stability (Libby & Lindsay, 2010). *Much research has been conducted on budgeting, and still, no comprehensive budget theory exists. Additionally, there is a lack of crossover research from economics, psychology (i.e., individual decision making), and sociology (i.e., organizational context). Research has not yet identified how these three academic fields combine to affect or be affected by budgeting.*

Kenno et al. (2018) recently conducted a comprehensive review of the budget literature. After compiling and synthesizing 249 articles consistent with budget research, the authors consolidated them based on their theoretical framework into three major theoretical perspectives used in accounting research: economics, psychology, and sociology (See **Table 3**).

**Table 3: Summary of academic field and methodologies**

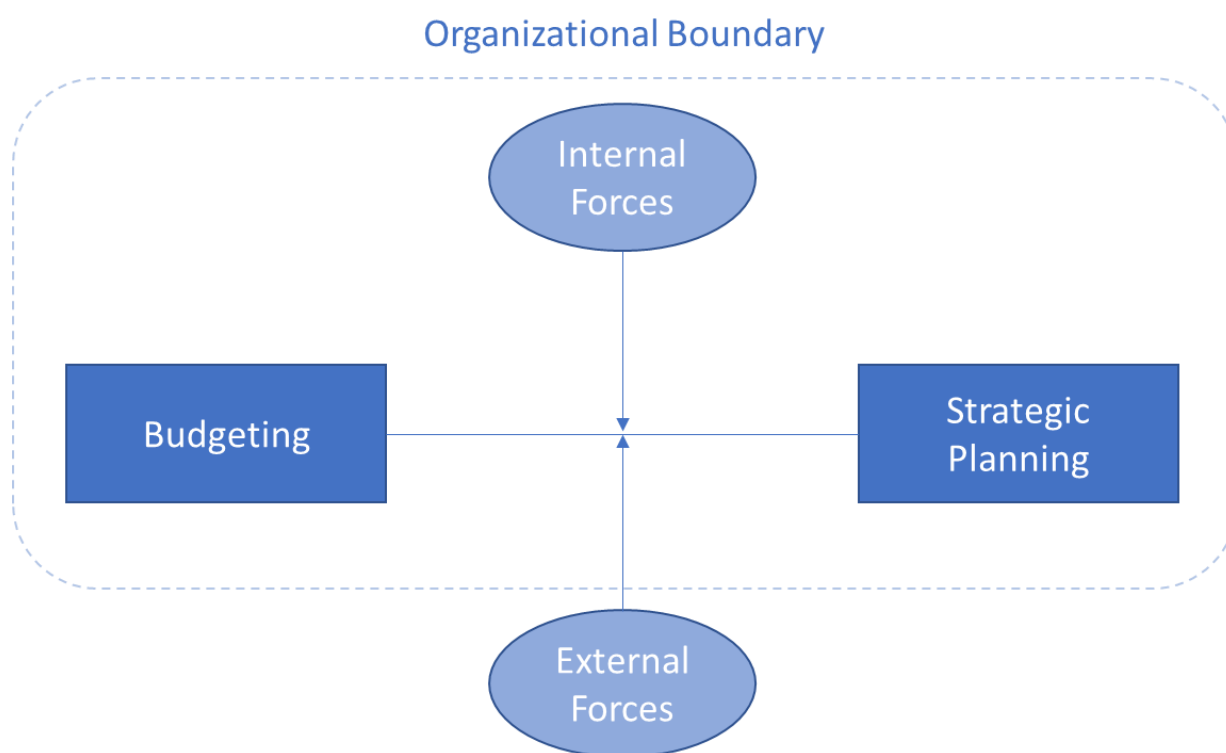
<i>Field</i>	<i>Methodology (# of studies in literature review)</i>
Economics	Archival (7)
	Field/Case Study (6)
	Analytical (15)
	Experimental (21)
	Survey (10)
	Other (1)
Psychology	Archival (0)
	Field/Case Study (7)
	Analytical (1)
	Experimental (18)
	Survey (22)
	Other (2)
Sociology	Archival (4)
	Field/Case Study (39)
	Analytical (0)
	Experimental (0)
	Survey (21)
	Other (6)

*From Kenno et al. (2018) literature review, 249 articles*

This further pointed to the lack of a unified understanding of the underlying drivers of the budgeting process. There has been no research that stretches across all three theoretical perspectives. Additionally, there is a lack of research examining the relationship between the

budget and strategic plan. This gap may have gone largely ignored in the literature because their integration was thought to be too intellectually challenging and logically unsound (Forrester, 1991). As a focal point of this study, the budget is examined explicitly in relation to the strategic plan to reveal the internal and external pressures that influence this relationship, answering the call from Kenno et al. (2018) (See *Figure 3*). This allows for a comprehensive analysis that integrates economic, psychological, and sociological perspectives.

**Figure 3: Examining Internal and External Forces**



As the organization setting for this case study, the public sector also faces its own set of interesting challenges. It is characterized by the absence of a competitive market, conflicting social demands, and rigid bureaucratic processes (Johansson & Siverbo, 2014). Furthermore, neither a budget surplus nor a budget deficit is perceived as a good thing. Budget deficits indicate spending outside of a given allocation. However, budget surpluses may mean improper planning and a shortage of spending on much-needed programs, causing a reaction from the public, media,

advocacy groups, special interest groups, and employees. Underspensing may indicate too much funding, sparking conversations around reductions in fees or taxes (Jónsson, 1982; Rubin, 1990). Accountability is a crucial concept in government budgets and requires that resources are used for their intended purpose (Costello et al., 2017; Hyatt, 2020), so over or underspending are both scrutinized. By focusing on the nuances of the public sector, this study seeks a novel perspective where deviating from the budget, over or under, is problematic.

Similarly, strategic planning too has no comprehensive theory that typifies the strategic planning body of work. Wolf's (2017) comprehensive literature review of 117 peer-reviewed journal articles culminates in calls for further research in several ways. This study answers the need to explore the link between social context and strategic planning qualitatively and identify the internal and external triggers and impediments that influence the budget and strategic plan's connection. Research is needed to understand how the strategic plan is developed and learned over time and the extent to which the environment influences its flexibility (Blumentritt, 2006; Brews & Hunt, 1999; Ribnick & Levenson, 2019; Wolf & Floyd, 2017). The academic literature fails to address this evolution within the context of and connectedness to the budget.

A review of over 80 peer-reviewed articles and books on budgets and strategic plans yielded several themes previously described: behavior-driven process, assumption of rationality, incongruence, and unintended consequences. Each of these themes, along with sample citations, are summarized in Table 4: Key Research Papers.

**Table 4: Key Research Papers**

<b>Key Topics</b>	<b>Publications</b>
<b>Behavior-driven process</b>	(Davis et al., 1997; Hope & Fraser, 2003; Jónsson, 1982; Kenno et al., 2018; Kren, 1992; H. Mintzberg, 1978; Rubin, 1990; Wildavsky, 1973; Wolf & Floyd, 2017)
<b>Assumption of Rationality</b>	(Forrester, 1993; Hyatt, 2020; Jónsson, 1982; March, 2006; Neuby, 1997; Otto et al., 1966; Rubin, 1990; Simon, 1986; Wolf & Floyd, 2017)
<b>Incongruence</b>	(Blumentritt, 2006; Brews & Hunt, 1999; Jónsson, 1982; Kenno et al., 2018; H. Mintzberg, 1978, 1994; Ribnick & Levenson, 2019; Steensen, 2014; Wolf & Floyd, 2017)
<b>Unintended Consequences</b>	(Bunce et al., 1995; Costello et al., 2017; Lee & Plummer, 2007; Li & Wang, 2010; Libby & Lindsay, 2010; Neuby, 1997; Ribnick & Levenson, 2019; Wood & Bandura, 1989)

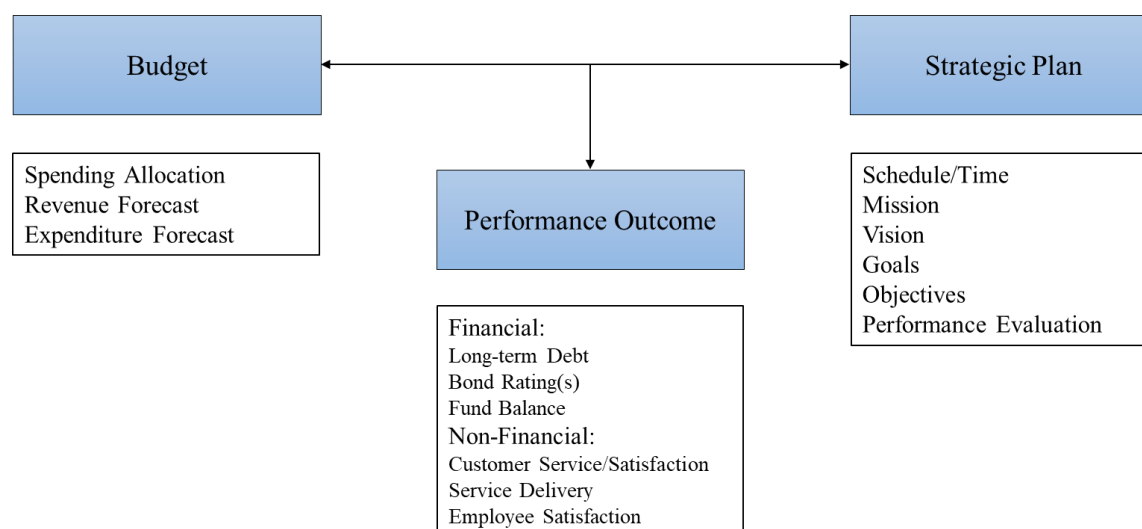
The budgeting process and strategic planning process are important factors in influencing organizational performance (Beckett-Camarata, 2003; Bryson & Roering, 1987; Streib & Poister, 1990), but the literature stops short of an investigation as to what factors influence why the strategic plan and budget misalign. This study sought first to understand the unifying factors within this relationship to shed light on the diverging factors and causes of misalignment.

Since public sector organizations tend to prepare budgets focused on immediate benefits in mind and less likely to develop budgets to support expenses for programs where benefits are delayed (Forrester, 1993), an investigation into the temporal dimensions of behavior is an important factor missing from the literature. Finally, the literature usually focuses exclusively on either budgeting or strategic planning. With a unified approach that weaves economic, psychological, and sociological concepts with temporal dimensions, this study fills a research gap by examining the implicit and explicit relationship between the budget and strategic plan and the internal and external factors that influence their misalignment.

### III THEORETICAL PERSPECTIVES

An extensive review of previous literature has led to an interesting limitation: examining the budget and strategic plan as separate and distinct concepts. The strategic plan is designed to set the course for the organization or department through its use of a vision, mission statement, goals, and objectives. It has financial and non-financial objectives. Other components of the strategic plan outline the time frame to accomplish stated goals and periodically evaluate progress. The budget is designed to support the financial objectives. It should guide the financial resources to execute the vision of the organization. In the public sector, budget components would include revenue and expenditure forecasts and allocating funds across departments, groups, or units. Undeniably, a reciprocal relationship exists between the budget and strategic plan (Blumentritt, 2006). As the organization's needs change, so will the need to adjust the budget, strategic plan, or both. The organization's success is measured across this relationship through certain performance outcomes. In the public sector, those performance outcomes may be determined through financial measures such as how much long-term debt the municipality has outstanding, their current bond ratings, and fund balance (i.e., private sector retained earnings) (Beckett-Camarata, 2003) (*See Figure 4*). There may also be non-financial measures such as surveys to measure customer and employee satisfaction and metrics to determine service delivery (i.e., number of missed trash pickups and number of potholes repaired). By first understanding the reciprocal nature of the budget and strategic plan relationship and how the two align, I can then explore why misalignment occurs. This study approaches this phenomenon through the temporal dimensions of behavior, or how individuals' perceptions of time may cause this disconnection. In that context, I will next discuss the implications of time and an exogenous shock as pertinent concepts in grounding this study and answering the research questions.



**Figure 4: Budget–Strategic Plan–Performance Outcome Model**

*Adapted from Beckett-Camarata, (2003)*

### III.1 Temporal Dimensions of Behavior

What if timing could alter the cost-benefit calculations underlying decisions made in the budget and strategic plan relationship? These decisions have consequences or outcomes that play out over time, and unknowingly, individuals inconsistently anticipate and discount future events. The introduction of time to individual evaluations and preferences are temporal dimensions of behavior. This area acknowledges that individuals are biased towards the present, and poor predictors of future experiences, values, perceptions, and behaviors (Berns, Laibson, & Loewenstein, 2007; Kahneman, 2011; Loewenstein & Thaler, 1989; March, 1991; H. Mintzberg, 1994; Soman et al., 2005).

#### III.1.1 Present Bias

Individuals often prefer events sooner rather than later. This positive time preference motivates individuals to concentrate on the present (Frederick, Loewenstein, & O'Donoghue, 2002). As a result, I explore this further in this research by investigating whether individuals are more conscious and biased in favor of the budget's shorter time horizon versus the strategic

plan's longer time horizon, as evidenced by priority and compliance. I also investigate whether individuals believe they have more control over near-term outcomes rather than long-term outcomes.

### ***III.1.2 Memory***

An individual's memory of a past event may be more favorable than the actual experience (Ariely & Zauberman, 2000; Miron-Shatz, Stone, & Kahneman, 2009; Montgomery & Unnava, 2009). I explore this further in this research by investigating what individuals recall regarding how well they remained within budget and executed their strategic plan. I then review how their recollection compares to their actual performance.

### ***III.1.3 Time Discounting***

Individuals consider or give more value to present events rather than future events. Additionally, the lesser value placed on future events is not constant or linear (Frederick et al., 2002; Soman et al., 2005). I explore this further in this research by investigating whether individuals focus on the budget, normally a sooner deliverable, rather than the strategic plan, typically containing both short- and long-term deliverables due to a lesser value placed on the future outcomes that result from the strategic plan.

### ***III.1.4 Forecasting***

Individuals are often overly optimistic when making plans for the future (Kahneman, 2011; H. Mintzberg, 1994). I explore this further by investigating how well departments remained within budget and delivered on their strategic plans. If not, I investigate whether they were overconfident, made an error in judgment, or an unplanned event derailed their plans.

### ***III.1.5 Diversification Bias***

Individuals often desire more variety when making choices that have future consequences when the options are presented simultaneously rather than sequentially. Individuals overestimate their need for diversity when the choice is grouped or combined versus when their choices are separate (Read & Loewenstein, 1995; Read, Loewenstein, & Kalyanaraman, 1999). I develop this further in this research by investigating whether individuals seek certain strategies while developing their budget and strategic plan that permits various options that could be acted upon later and if circumstances allow.

### **III.2 Exogenous Shock**

Exogenous shocks are difficult to predict, highly destructive, and have a significant economic impact. Exogenous shocks differ from economic or endogenous shocks, as they originate outside the economy instead of arising from developments within it (i.e., 2008 Great Recession). As a widespread health crisis, the COVID-19 pandemic has been described as an exogenous shock due to its magnitude and duration of impact on global growth and inflation and having originated outside of the economy. This pandemic has caused significant financial, social, and logistical strains for the worldwide population (Brown & Kline, 2020; Giones et al., 2020; Hartmann & Lussier, 2020).

In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. In response, many governments instituted lockdowns, shelter-in-place orders, travel, and social distancing restrictions to reduce transmission. Many governments also ordered local “relief” in the form of delayed tax and licensing payments, waived late fees and penalties, instituted eviction stays, and curtailed shutting off utilities for non-payment. These restrictions, coupled with uncertainty and general public anxiety, triggered an economic disruption that

impacted numerous revenue sources among municipalities across the nation. Almost overnight, governments were faced with constrained revenue, unexpected expenses, and employees' and constituents' health and safety at risk.

These temporal dimensions and exogenous shock are potential factors implicated in the misalignment between the budget and strategic plan relationship. "It is true that one wants to retain the capacity to be surprised, but it seems useful (and inevitable) that our observations be guided and influenced by some initial hunches and frames of reference" (Siggelkow, 2007, p. 21).

## IV METHODOLOGY

### IV.1 Case Study Design

Researchers have used case studies to develop theory about very diverse topics (Eisenhardt & Graebner, 2007). The research question seeks to explain a contemporary phenomenon that exists within many organizations: disconnection between the budget and strategic plan. The extent to which temporal dimensions of behavior, and an exogenous economic shock, may help explain this misalignment requires an extensive and in-depth exploration (Yin, 2017) and a deeper dive into the underlying factors that are not readily apparent. Specifically, this study focused on how misalignment occurs over a fiscal year (i.e., July 1, 2019 – June 30, 2020), exploring and evaluating how the relationship between the budget and strategic plan evolves and potentially diverge, paying particular attention to acts of commitment, disruption, and rebalancing efforts by the individuals involved.

This method was chosen based on several considerations. First, case studies are rich and detailed empirical descriptions of specific instances of an event that are normally based on a variety of data sources and allow an in-depth focus on a specific situation or event (Cavaye, 1996; Crowe et al., 2011; Trochim, Donnelly, & Arora, 2016; Yin, 2017). This allows for the induction of rich and reliable information. Second, case studies are well suited to understanding change processes as they unfold (Trochim et al., 2016), as is the focus in this study between the budget and strategic plan relationship and why there is misalignment. Case studies can also be used as the root from which to cultivate theory inductively. While there is limited theoretical knowledge on the relationship between the budget and strategic plan, an inductive research plan that lets theory emerge from the data allows for new insights. “The theory is emergent in the sense that it is situated in and developed by recognizing patterns of relationships among constructs within and across cases and their underlying logical arguments” (Eisenhardt & Graebner, 2007, p. 25). Third, case studies

also rely heavily on direct observation of the events under investigation and interviews with those that may still be involved allowing for many more variables of interest other than data points. The opportunity for direct observation and interviews with those still involved made this large municipality ideal as the focal setting of this single case study and an advantage to facilitate rich descriptions of practice, particularly useful for theory building (Kenno et al., 2017). This method is best suited for its strength in managing a variety of evidence, including documents, interviews, and direct observation (Yin, 2017). “The essence of a case study, the central tendency among all types of case study, is that it tries to illuminate a decision or set of decisions: why they were taken, how they were implemented, and with what result.” (Schramm & Stanford Univ, 1971, p. 6). Adopting an engaged scholarship approach was participative and collaborative of both insiders and outsiders. Engaged scholarship can be practiced in different ways and depends on:

- 1) “whether the purpose of a research study is to examine basic questions of description, explanation, and prediction or on applied questions of design, evaluation, or action intervention, and
- 2) the degree to which a researcher examines the problem domain as an external observer or an internal participant.”<sup>2</sup>

The case study setting also allowed for participant observation; the research perspective was intension (attached inside), as the researcher was accepted as a natural part of the culture. Fourth, the research question seeks to explain and rests heavily on qualitative data to offer insight that quantitative data cannot easily expose (Eisenhardt & Graebner, 2007). This theory-building research uses a single case study to explain a phenomenon in an unexplored research area (i.e., why temporal dimensions of behavior may explain misalignment between the budget and strategic plan). Theory building research that uses cases typically answers research questions addressing

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<sup>2</sup> Van de Ven, A H. (2007) *Engaged Scholarship: A Guide for Organizational and Social Research*, Oxford University Press

"why" quite well (Eisenhardt & Graebner, 2007; Myers, 2013; Yin, 2017). Qualitative, single case studies can be used to build theory through an interpretive approach, trying to understand the nature of this phenomenon and elicit meaning from perceived irrational behavior in an organizational setting (Cavaye, 1996). This study takes the interviewees' viewpoint directly involved in the organizational context to understand implicit connections between the budget and strategic plan. The organization provides the setting; however, several instances of this phenomenon are present (i.e., misalignment between the budget and strategic plan) within this setting. As an embedded case study, this analysis compares and contrasts observations from several units of analysis (i.e., organization, departments, individuals) within a single case to generate and highlight theoretical constructs (Cavaye, 1996). Finally, as a single-case, inductive study involving a large municipality, it is also the preferred research method because it deals with the tracing of operational processes over time (Van de Ven, 2007) and ideal in contexts where the researcher has limited or no control over the events, and behaviors cannot be influenced (Myers, 2013; Yin, 2017).

Before most fieldwork was done, alternative explanations were searched for, addressed, and sustained until proven unviable or better (Miles, 1994). I engaged in a systematic investigation of the literature to find alternative ways of seeing and understanding rival explanations for the misalignment between the budget and strategic plan, which led to this research gap. During data collection, while the approach was to focus initial interview questions on the temporal dimensions of behavior, I was not limited solely to that line of questioning. Semi-structured interviews allowed for open-ended questions and elaboration by participants. In doing so, the participants were allowed to answer according to their perspectives on the budget and strategic plan relationship, which they thought was the driver in the relationship, and their perceptions of why misalignments occurred. This allowed the researcher to hear and understand explanations that were not anchored

in temporal dimensions and produced interesting supplemental explanations discussed in the analysis and results.

#### ***IV.1.1 Theory Building***

Qualitative research allows the researcher to understand a phenomenon well enough to form some initial theories or hunches about how or why it happens. Given the researcher's direct experience and insights, the ability to observe firsthand and interview others directly involved allowed a novel perspective on the existing literature that goes beyond knowing from reading to actual experiencing (Trochim et al., 2016). Eisenhardt's (1989) "Building Theories from Case Study Research" Process (*See Table 5*) aided the researcher to set focus and outlined activities necessary to have a complete inductive theory-building process. General ideas acted as a guide to the empirical research (Ponelis, 2015). As exploratory research, no specific theory or propositions needed to be developed before interviewing participants.

Once the researcher began collecting and analyzing data iteratively, patterns of relationships among constructs and their underlying logical ties within the case emerged. Then, drawing from an extensive review of the literature on budgets and strategic plans, concepts from behavioral economic theory relative to the temporal dimensions of behavior, I began to build theory inductively using this case study as a basis to create theoretical constructs and propositions based on the empirical evidence (Eisenhardt, 1989; Eisenhardt & Graebner, 2007; Trochim et al., 2016).



**Table 5: Process of Building Theory from Case Study Research**

Step	Activity	Reason
Getting Started	Definition of research question Possibly a priori constructs	Focuses efforts Provides better grounding of construct measures
Selecting Cases	Neither theory nor hypotheses Specified population	Retains theoretical flexibility Constrains extraneous variation and sharpens external validity
Crafting Instruments and Protocols	Multiple data collection methods	Strengthens grounding of theory by triangulation of evidence
Entering the Field	Overlap data collection and analysis, including field notes Flexible and opportunistic data collection methods	Speeds analyses and reveals helpful adjustments to data collection Allows investigators to take advantage of emergent themes and unique case features
Analyzing Data	Within-case analysis	Gains familiarity with data and preliminary theory generation
Shaping Hypotheses	Iterative tabulation of evidence for each construct Search evidence for “why” behind relationships	Sharpens construct definition, validity, and measurability Builds internal validity
Enfolding Literature	Comparison with conflicting literature Comparison with similar literature	Builds internal validity, raises theoretical level, and sharpens construct definitions Sharpens generalizability, improves construct definition, and raises theoretical level
Reaching Closure	Theoretical saturation when possible	Ends process when marginal improvement becomes small

(adapted from Eisenhardt, 1989)


#### ***IV.1.2 Research Context***

The City of Atlanta (COA) serves approximately 500,000 residents, with 8,500 employees and an annual budget of more than \$2B (USD). It is the state capital and most populated city in the U.S. state of Georgia. Its metropolitan area, or Metropolitan Statistical Area, (MSA) is the tenth-largest metropolitan area in the country, inhabited by approximately 5.8 million people.<sup>3</sup> The

<sup>3</sup> Source: U.S. Census Bureau: State and County Quick Facts via <http://www.census.gov>

organization consists of twenty-four departments, and each department having multiple sub-units. The COA's organizational structure is divided into three bodies: the legislative, executive, and judicial branches. The City Council serves as the legislative branch. Under the Mayor's direction, city departments constitute the executive branch and the Courts, the judicial branch. The Mayor is elected by the City of Atlanta residents and has a two- (consecutive) term limit, each term being four years. The City of Atlanta residents also elects the City Council for a four-year term but members do not have term limits. There are twelve City Council district Councilmembers and three At-large Councilmembers.

The Mayor prepares and submits the proposed annual budget ordinance to the legislative body no later than the first regular meeting of this body in May. At the first City Council meeting in March, each council member may submit their budget priorities for the coming year. Such priorities take the form of a resolution to be adopted by the City Council no later than the second City Council meeting in March. In conjunction with the Chief Financial Officer, the Mayor may consider these priorities to prepare the tentative budget. The City Council holds one or more public hearings on the proposed budget as required by Georgia law. The City Council may amend the proposed annual budget. It must still provide for all expenditures required by law or City Charter, including debt service, sinking fund, and required interest payments. By ordinance, the City Council adopts the annual budget for the next fiscal year no later than June 30<sup>th</sup>. This process is summarized in **Table 6** below.

**Table 6: Annual Budget Responsibilities and Process**


RESIDENTS	CITY COUNCIL	MAYOR	DEPARTMENTS
			Preliminary General Fund Forecast Planning and Estimated Department Budget Allocations
Input on Budget Priorities and Direction Through: <ul style="list-style-type: none"> <li>Direct contact with Mayor and City Council</li> <li>Community-Wide Surveys and Meetings</li> </ul>	Priority Setting Process <ul style="list-style-type: none"> <li>Develop budget priorities for the City based on input from the Community, Administration, Staff and Departments</li> </ul>	Priority Setting Process <ul style="list-style-type: none"> <li>Develop budget priorities for the City based on input from the Community, City Council, Staff and Departments</li> </ul>	Priority Setting Process <ul style="list-style-type: none"> <li>Develop budget priorities for the Department based on estimated budget allocation</li> </ul>
	Submission of City Council Budget Initiatives/Priorities	Submission of Mayor's Budget Initiatives/Priorities	
Budget Hearing <ul style="list-style-type: none"> <li>Interactive Community Budget Session</li> </ul>	Adoption of City Council Budget Initiatives/Priorities	Adoption of Mayor's Budget Initiatives/Priorities	
		Submission of Mayor's Proposed Budget	
	Review Proposed Budget in Department Budget Briefings		Provide service delivery strategies in the context of proposed revenue projections and balanced budget
	Propose amendments to the Proposed Budget	Proposed amendments considered	
	Review and Approval of the Mayor's Budget		
Final City Council Budget Adoption			

With each Administration, a new set of strategic priorities are set. These priorities are defined as the overarching strategic plan for the City. The goal is to create a culture of performance, accountability, and evidence-based decision making with the City by setting performance targets, measuring progress towards those targets, and supporting the staff in achieving the target established for their organizations. The City's strategic plan is broadly distributed both within the organization and made publicly available. Some departments have their own departmental strategic plans; however, they must align with the City's overarching strategic plan. Strategic performance objectives (See Table 7) and Strategic Performance Measures (See Table 8) are components of the City's Overall Strategic Plan.<sup>4</sup>

<sup>4</sup> Source: Fiscal Year 2021 City of Atlanta Adopted Budget

**Table 7: City’s Performance Objectives**

<b>Performance Objective</b>	<b>Definition</b>
<b>Lead with Data</b>	Establish a data-driven approach to setting both the strategic vision and operational goals for the City and provide reliable data that measures performance against these goals.
<b>Improve Outcomes</b>	Create a culture that increases accountability for delivering performance against specific, measurable outcomes.
<b>Maximizing the City’s Return-on-Investment (ROI)</b>	Develop an approach that city operations can use to prioritize and maximize investments by utilizing various models to ensure citizens receive the best value.
<b>Transparency</b>	Create a public window into the performance of City services and operations through Atlanta’s web portal.
<b>Increased Citizen Engagement</b>	Create a culture of collaboration with citizens.

**Table 8: Citywide Strategic Performance Measures “5 Pillars”**

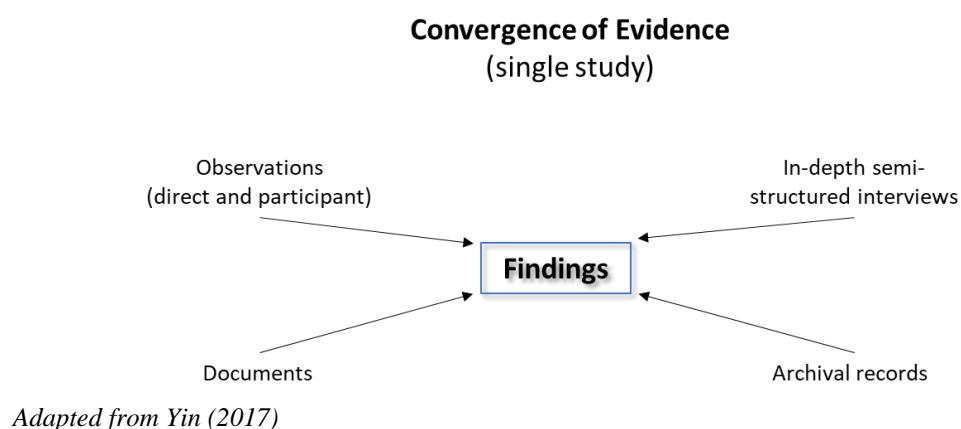
<b>World Class Infrastructure</b>	<b>Safe and Welcoming City</b>	<b>Customer Service</b>	<b>Residents That are Equipped for Success</b>	<b>Economic Development</b>
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## IV.2 Data Collection

Yin (2017) makes clear four principles of data collection. Using multiple sources of data is the first. To address this, I conducted this study through in-depth interviews, direct observation, and the collection of documentation such as prior year budget documents, budget ordinances and amendments, and Municipal Code, which drives how and when the budget is developed. Documents that describe the strategic plan were also reviewed, including departmental strategic plans and other publicly available data such as media releases and websites. Documentation helps to corroborate and supplement evidence from different sources and help reduce bias. The opportunity to use multiple sources of data collection is a strength of case studies (Yin, 2017). The data was collectively triangulated (*See Figure 5*) to discover whether there was a convergence of evidence, and this convergence is essential in analyzing findings and contributions. Triangulation

efforts also allow for the exposure of divergent or inconsistent results, where the researcher can investigate further (Miles, Huberman, & Saldaña, 2014). To strengthen data validity, I triangulated the data collected across participants and departments with additional secondary data sources such as their published strategic plans and adopted budgets (See Appendix E).

**Figure 5: Convergence of Evidence**



Second, I also employed a case study database to organize, consolidate and record the data collected. Interview schedules, dates, and completion data were maintained in Excel. Interviews (cases) were coded and maintained in Nvivo. This made archiving, retrieving, and analyzing the data more straightforward. The third principle increased reliability, and that was to maintain a chain of evidence. The researcher maintained all data sources: interviews, documentation, memos, archival records, and notes from direct observations. The fourth and final principle was to exercise care when using data from social media. Social media information was cross-checked and validated through multiple sources through other publicly available documents and information from interviewees.

Semi-structured interviews allow for a consistent line of inquiry and an opportunity for a more fluid flow of information (Yin, 2017) and follow-up questions. The target informants were primarily senior- and executive-level current and former employees of the Municipality and selected based on their roles, involvement, and experience with *both* budgeting and strategic planning. This in-depth case study relied on interviews with highly knowledgeable individuals in the organization who represented varied and diverse perspectives (Eisenhardt & Graebner, 2007; Myers, 2013) on the budget and strategic plan relationship. A total of 23 individual phone/internet interviews (via Webex) were conducted in September 2020. Invitations to potential interviewees were sent via email and LinkedIn messaging. Each interview was scheduled for a one-hour duration. After the initial interviews were conducted, follow-up clarifying questions were sent either via email or through follow-up interviews lasting no more than thirty minutes. Each interview did not exceed an hour and a half in total. While the interviews were being digitally recorded, the researcher took brief handwritten notes to assist with data collection, transcription, and later, data analysis.

I covered six areas of interest with participants, asking the sequence of questions in the same manner for each interview. Initial questions focused on the interviewee's background to understand their level of experience working with budgets and strategic plans. The next stage of questions focused on how interviewees viewed decisions and behaviors towards the budget and strategic plan relationship. These questions were also designed to extract interviewees' perspectives on whether and how time influenced their decisions and behaviors, both past, present and future. The final stage of questions focused on whether and how an exogenous shock, the COVID-19 pandemic, influenced their budgets and strategic plans. In each step, direct questions on the budget and strategic plan relationship were asked. Still, open-ended questions also allowed

the researcher to ask follow-up questions throughout for the interviewee to further elaborate on their perspectives, assessments, and preferences.

I informed participants that personal information would be treated strictly confidentially with no personally identifiable information available to anyone other than the researcher. All names and personally identifiable information do not appear in the study. All confirmed participants received a copy of the research protocol (Appendix A: Research Protocol), interview protocol (Appendix B: Interview Protocol), the informed consent form (Appendix C: Informed Consent Form), and were initially recruited via the Informant Recruitment Email (Appendix D: Informant Recruitment Email). Approval for the study was secured from the Institutional Review Board of Georgia State University on 8/18/2020 (IRB Number H21059, Reference Number 361552).

### **IV.3 Data Analysis**

The data analysis exercised three simultaneous flows of data condensation activity, data display, and conclusion drawing/verification. The data was condensed by “selecting, focusing, simplifying, abstracting, and/or transforming the data” (Miles et al., 2014, p. 120) from field notes, interview transcripts, and other supplemental documents. As the interviews were analyzed, common themes and categories were identified for coding and further analysis. This allowed the researcher to sort important and novel chunks of data, eliminate “noise,” sharpen focus, and organize the data to draw conclusions (Miles et al., 2014). Summary tables were developed, as part of the analysis, to orchestrate and demonstrate the data's emerging patterns visually. Nvivo software was used to help categorize, condense, code, present, and analyze the data.

Having first-hand access to rich institutional knowledge obtained through interviews allowed the researcher to ask people directly involved about their perspectives, increasing internal

validity and strengthening causal inferences (Kenno et al., 2017). The conclusions could be drawn and verified by noting patterns, explanations, causal relationships, and emerging themes as data analysis proceeded. Any meanings emerging from the data required testing for validity (Miles et al., 2014), so preliminary conclusions were drawn carefully, with an open mind for alternative explanations, until the data and findings could confirm and validate them.

The data analysis for this research consisted of the following:

- 1) Interviews were recorded and transcribed.
- 2) Interview data were de-identified by replacing identifiable information with a record number.
- 3) Interview data was then uploaded to Nvivo, where they were coded, themed, and analyzed.
- 4) The transcripts were read several times to gain a sense of the interviewees' perspectives and context.
- 5) Thematic analysis was performed to identify first-order coding, second-order coding, patterns, and emerging themes on the relationship between the budget and strategic plan.
- 6) Thematic analysis was performed to identify first-order coding, second-order coding, patterns, and emerging themes on the influence of an exogenous shock such as the COVID-19 pandemic.
- 7) Sentiment analysis was conducted to evaluate positive sentiment among COVID-19 themed passages.



#### IV.4 Data Coding

The first-order descriptive coding was initially identified and conducted manually upon completing the twenty-three qualitative interviews and reviewing the transcribed interview scripts and audio files. This initial coding of interviews set the preliminary first order codes, allowed for an initial quality review, identified, corrected, and clarified gaps in the transcripts. Once uploaded into Nvivo, the transcripts could be recoded, improved, and expanded on from the initial coding. This resulted in an initial set of thirty descriptive codes related to the *Budget and Strategic Plan Relationship – Misalignment*. These first-order codes were further analyzed and integrated into six second-order codes, and ultimately, a culmination of six higher-order themes:

1. Adaptability
2. Presence of a Champion
3. Loss Aversion
4. Degree of Communication
5. Perception of the Budget and Strategic Plan
6. Temporal Dimensions

Also, eighteen descriptive codes related to the *Budget and Strategic Plan Relationship – Exogenous Shock* were a result of the initial coding. The first order codes were also further analyzed and integrated into three second-order codes, and ultimately, a culmination of three higher-order themes:

1. The ability to recognize *efficiencies* and make adjustments needed to a new way of working
2. The ability to recognize *deficiencies* and make adjustments needed to a new way of working

### 3. Concern for the ability to continue to deliver services

Interview passages related to the *Budget and Strategic Plan Relationship – Exogenous Shock* were also coded for sentiment in Nvivo and analyzed to determine whether interview participants noted a positive sentiment by theme. The coding resulted in thirteen positive references among nine cases.

This research follows Cavaye’s (1996, pp. 234-235) description of inductive research “consisting of two parts: detective work and the creative leap. Detective work refers not only to collecting data but also to the analysis taking place while collecting data: looking for patterns, commonalities, consistencies.” The creative leap has analytical meaning: generalization from and beyond the data to draw a theoretical conclusion. The data gathered from the twenty-three interviews and coded in Nvivo provided a robust and rigorous analysis with interesting and notable insights and some unexpected findings presented and discussed in the Analysis and Results Section.

A preliminary coding scheme was developed after reviewing the transcripts and audio files to prepare for data coding. The questions from the interviews were incorporated into two coding schemes, and each transcribed interview was coded in Nvivo accordingly, as shown below:

**Table 9: Coding Scheme (Budget and Strategic Plan Relationship – Misalignment)**

<u>First-order codes</u>	<u>Second-order codes</u>	<u>Key Themes</u>
Living Document	Document (budget/strategic plan)	Adaptability
Flexible		
Communication tool		
Addresses core functions		
Experience	Individual	Presence of a Champion
Ownership		

Influence		
Accountability		
Punishment/Reward System	Culture	Loss Aversion
Autonomy		
Leadership Commitment		
Buy-in		
Governance/Government Structure		
Leadership Stability		
Discipline		
Clear direction (vision, mission)	Group	Degree of Communication
Defined objectives/goals		
Department's objectives alignment w Organization		
Performance Assessment		
Budget development	Process	Perception of Budget and Strategic Plan
Strategic plan development		
Realistic vs. unrealistic expectations		
Budget drives strategic plan		
Strategic plan drives budget		
Focus short term vs. long term	Now vs. Later	Temporal Dimensions
Contingency Planning		
Priorities/prioritization		
Focus on day-to-day operations		
Focus on Core Functions		
Dependencies/Downline Impacts		

**Table 10: Coding Scheme (Budget and Strategic Plan Relationship – Exogenous Shock)**

<b><u>First-order codes</u></b>	<b><u>Second-order codes</u></b>	<b><u>Key Themes</u></b>
Living Document	Document (budget/strategic plan)	Adaptability
Flexible		
Communication tool		
Addresses core functions		
Experience	Individual	Presence of a Champion
Ownership		
Influence		
Accountability		
Punishment/Reward System	Culture	Loss Aversion
Autonomy		
Leadership Commitment		
Buy-in		
Governance/Government Structure		
Leadership Stability		
Discipline		
Clear direction (vision, mission)	Group	Degree of Communication
Defined objectives/goals		
Department's objectives alignment w Organization		
Performance Assessment		
Budget development	Process	Perception of Budget and Strategic Plan
Strategic plan development		
Realistic vs. unrealistic expectations		
Budget drives strategic plan		
Strategic plan drives budget		
Focus short term vs. long term	Now vs. Later	Temporal Dimensions
Contingency Planning		

Priorities/prioritization		
Focus on day-to-day operations		
Focus on Core Functions		
Dependencies/Downline Impacts		

## V ANALYSIS AND RESULTS

As discussed at the onset, I was interested in the temporal dimensions of behavior as potential factors influencing the budget and strategic plan's misalignment. This was a theoretically important trend described before undertaking the case study (Yin, 2017). The empirical data support key themes foundational to the misalignment of the budget and strategic plan. In addition to analyzing secondary documents, I conducted a total of 23 interviews, which resulted in over 15 hours and 253 transcribed pages of interview transcripts. To perform a qualitative analysis of interviewee responses, I uploaded interview transcripts into NVivo 12 and completed a Word Frequency Query. The query setup was a grouping of 'with stemmed words,' a minimum word length of four, display words of 25 most frequent, and filter for stop words (see Figure 6). Our analysis and results are presented next.

**Figure 6: Word Cloud – Budget and Strategic Plan Relationship**



### V.1 Budget and Strategic Plan Relationship – Misalignment

The Adaptability of the Document, Presence of a Champion, Degree of Communication, Loss Aversion, Perception of the Budget and Strategic Plan Relationship, and Temporal Dimensions were all themes consistently referenced by interviewees. The number of times

interviewees iterated these key themes is summarized in the table below (see **Table 11**) and discussed.

**Table 11: Budget and Strategic Plan Relationship – Misalignment: Coding of Qualitative Data into Themes**

Person	A : Adaptability	B : Champion	C : Communication	D : Loss Aversion	E : Perception of relationship	F : Temporal Dimension
1	3	3	12	7	14	27
2	11	7	21	11	7	20
3	6	3	8	4	4	9
4	0	3	5	2	7	9
5	0	4	8	10	8	4
6	2	6	8	1	3	8
7	0	4	3	3	6	18
8	3	2	14	9	1	10
9	1	3	6	2	5	7
10	2	4	14	8	4	15
11	3	6	3	3	6	8
12	7	10	8	11	6	12
13	6	6	6	13	1	6
14	4	3	9	6	4	12
15	0	4	9	1	4	8
16	7	7	7	9	4	9
17	1	3	8	2	8	7
18	7	3	10	5	8	10
19	5	3	5	8	5	6
20	8	5	9	5	6	6
21	1	5	6	14	5	10
22	0	2	7	5	5	2
23	3	4	7	2	5	6
Total	80	100	193	141	126	229

### ***V.1.1 Adaptability***

Interviewees expressed concern for the level of both static and dynamic capacity in the actual budget and strategic plan documents themselves. Interviewees believed them to be both a communication tool to address core functions and a flexible, living document that was adaptable to a changing environment.

*We have to make modifications in the budget process as well as the departments budgets, and their strategic plan*

---

*You have to be flexible enough. A lot of times, you see loss overruns, and a lot of times, you can't achieve what you targeted because to achieve on some of those projects, you're working in an active operational area.*

---

*You could go back to your scheduled performance. If you're not getting done what you say you're going to get done, and you need to make some adjustments somewhere along the way. In most cases, we don't, unfortunately. We're going to have to basically do a better job of that.*

---

*We don't have a choice but to keep that aligned because every year, we establish what those budgets will be. We have to track that and continually track that. Again, I see some alignment issues, and I am basically looking at those on a monthly basis; when we see a misalignment, we will basically make adjustments. It has to be a very dynamic process.*

### **V.1.2 Presence of a Champion**

Interviewees also expressed a belief that having a champion was critical in budget compliance and strategic plan execution. They explained that a root cause of misalignment between the budget and strategic plan relationship dealt with the lack of an individual spearheading the programs and initiatives to deliver on the budget allocation and strategic plan commitments.

*Each initiative had an owner, and then quarterly, we would check in to see where we were with the goal. How were we moving towards completion or substantial work on the strategic plan on that particular goal. We had check-ins, quarterly check-ins.*

---

*The way that we went about it was structure and ownership. Look, we've got 33 goals that we laid out that we need to start working towards, and let's align ownership to each goal, and let's start trying to report against them. The good thing about our strategic plan was it had very clear benchmarks that said, this is what success looks like, so we could measure against that. The other good thing about the strategic plan is the way that it was structured. The timing of it was off fiscal year, so it was calendar year, which also has some advantages too, because you split budget years, as you think about delivering things.*

---

*I think that's key too because if not, you need someone who's thinking about this every day, 24-hours, seven days a week.*

---



*I think that's important because you could-- I truly believe you got to have someone who's going to wake up every day, and that's what they're thinking of. How do we get this through? What can we be doing? Because why? Life happens.*

### **V.1.3 Loss Aversion**

Surprisingly, many interviewees noted that because there was no reward system in place for meeting their budget and strategic plan, they were less motivated to ensure compliance and execution. In fact, many noted that by underspending, they felt punished by receiving *less funding* in the following budget and, by overspending, they felt rewarded by receiving *more funding* in the next budget. In this sense, they felt the loss of funding significantly more impactful than an incremental gain in funding.

*I think we have the sort of process that-- The budget development process, in my mind, departments are (not) necessarily rewarded for being fiscally responsible. It becomes punitive if I as a department are trying to be fiscally responsible if I don't use all of my funds, if I have some long-term strategic initiatives that I certainly want to do, and if I use all that money, then I'm penalized by taking it. My observation is that some departments will choose to spend some of their allotment of money to preclude them from being reduced the following fiscal year. I think departments sometimes should be rewarded for being fiscally responsible when they can. Now granted if conditions within a city warrant some reductions, of course, there's certain things that you have to, we just have to do, but at the end of the day, I do think that there needs to be more of a carrot-and-stick element with respect to the budget development process.*

---

*I know there's significant reluctance for departments not to do that because they want to whenever they can kind of hide money because they don't want it to be taken at the end of the fiscal year, and they know there are certain things they want to do.*

---

*It feels like it's a fistfight for what departments can get and trying to get things done.*

---

*Here were the conversations the department had internally was let's fight for a budget, assuming we can't get any waste out. Let's have a plan that gets waste out, and all of that waste we're able to get out, we can reinvest. If you walk into a budget conversation and start saying, we can cut 10% of our budget, then often what happens in the city is they say, well, you should really just cut 13% since you think you can already get 10, rather*

*than walking in and them telling you, hey, you're going to take a 10% cut, and you already have 10% waiting there. It's been a part of our conversation.*

---

*I think you're getting at a question around culture, and yes, it is. Here's the reason. The way that the budgeting process works is when I underspend my budget, you would assume I don't need that. There could be a number of reasons I underspent. I could have been more efficient, or it could have been that there was a one-time thing that I expected to hit in this fiscal year that didn't hit. It could be like I said before, we expected to onboard five people, but HR didn't let us get five people. I roll in the next fiscal year, and you cut that. What you're saying is I didn't need it. The fact was like, yes, I did, but I actually couldn't get it done for a multitude of reasons.*

---

*What you end up finding is the people who run over budget consistently, their budget grows, and the people who run under budget consistently, their budget shrinks. The implicit understanding, even if it's not realistic, is: my objective is to always spend my entire budget. If I have a choice between going under and over, I'm better off going over because there is no reward for going under aside from cutting my budget over time.*

---

*A reward where your budget goes up the next year.*

---

*In a lot of organizations that I've been a part of, those who have run under have suffered the most. They felt like you didn't budget correctly for what you need, you over-budgeted. It's how they look at it. I mean, unless you come in exactly for what you need every single year, which, in some cases, is very hard to just be right at that mark, they're going to-- People are going to draw conclusions, especially when you run into a budget crunch. They're going to say you've been trending close to a million to \$2 million under your expenses for the last three years. Instead of you being rewarded, they're going to say you don't need it.*

#### **V.1.4 Degree of Communication**

Interviewees revealed a common lack of clear direction and defined goals. While the Citywide Strategic Plan is quite broad, several departments attempted to align their departmental strategic plans to the Citywide Strategic Plan. Many felt that there was little chance to measure performance or deliver the strategic plan without clarity and comply with the budget allocation.

Notably, the Citywide Strategic Plan does not speak explicitly to adherence to an annual budget, although this is a legislative requirement.

*I wouldn't say that we have a concise and clear strategic plan.*

---

*Overall lack of coordination across departments communicating with everybody on the outset, setting very clear budget expectations.*

---

*Because I don't believe we do a very good job in talking about what the strategic planning process or what the mayor's expectations necessarily are. I heard about when I first got here. I can't say that we've had a conversation about it over the last year and two months, year and three months that I've been here. Because in my mind, it makes me feel like that's something that I don't know how important that is if we don't even bring it up. Was it even important, or was it just this futile exercise that we put on paper that sounds good to the public.*

---

*Our strategic plans are developed in silos.*

---

*The strategic plan is not well defined. It's a little confusing.*

---

*The biggest thing as I see it, because we are not well defined, the strategic plan is not well defined, it is hard to line up a budget. It's hard to say if the budget is going to meet whatever the goals are, whatever the planning process was supposed to be, it's hard to say whether it's going to meet it. You're in the blind; you're doing the budget almost in the blind.*

---

*I did not have the strategic plan in front of me when we did the budget. I will tell you I probably didn't understand where-- The strategic plan wasn't written-- It was written so loosely that most people didn't understand it, and it was hard to talk about my department. I think only two things in the plan related to my department, the other three things didn't.*

---

*Wasn't a well-defined plan. I won't say miscommunication; I just think it wasn't well defined.*

---

*We see it sometimes there's some confusion, when we said, well, what's the city's strategic plan? We said we tend to turn towards those Mayor initiatives, and they're so broad with so much flexibility.*

### **V.1.5 Perception of the Budget and Strategic Plan**

Interviewees expressed concern that both the budget and strategic plan's expectations were unrealistic, to begin with, and therefore foundationally misaligned. Interestingly, there were contradictory perspectives on whether budget compliance was the primary goal or strategic plan execution was the primary goal. Interviewees felt that one had to take priority, come first, and drive the other. While some interviewees felt that there was a combination of balance between the budget and strategic plan, some interviewees noted that the budget drove the strategic plan. In contrast, others said that the strategic plan should drive the budget.

*I think the strategic plan, for the most part, should drive the budget. I think, based on experience, it seems like we go through a balancing act. We're balancing the budget, balancing the budget, balancing the budget, but shouldn't a budget be integrated, it should be an integral part of the strategic plan, where if we're integrating the budget and the strategic plan and it shouldn't be a matter of balancing, because when you're balancing, you're losing focus of exactly what you're trying to accomplish.*

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*The strategic plan should drive, it should drive everything, and then you should be budgeting based off of what is the plan focusing on? Yes, we know, it's a year-to-year deal. We know that changes and the environment can change the strategic plan, but the strategic plan should still outline even those factors, should we have a downturn and this happens. Absolutely, when you start balancing, you tend to lose focus of what's the true priority?*

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*I fall into the camp of the plan, which kind of drives the budget. I would definitely err on the side that the strategic planning process really drove from a budget perspective.*

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*I think the strategic plan should absolutely just drive the budget. I think that a lot of times when we're looking at budgets, we're looking at just really satisfying current operational needs, but I do think that when you look at strategically where the organization is supposed to go or is trying to go or actually has agreed to go, you should be able to look inside of your budget and see some alignment. You may not see total alignment, but you should absolutely be able to see some alignment tied to the strategic plan.*

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*Having an idea of how much money you need to allocate for planning, for design, for construction, and also maintaining the proper level and contingency. Before you start a project, or before you start a fiscal year with a project that you have an understanding of what your internal costs are, which have to be allocated to the project, what you're going to pay for consultants in the course of the year.*

---

*You would address the resources of the department by, first and foremost, budgeting for the things that are non-negotiable.*

---

*This is the money we have to play with and to add new priorities and bake new things into the budget. This year was just completely different because we had to really prioritize the budgets in order to meet a lower revenue. It was definitely different and having to think about ways to cut costs as far as maybe cutting personnel and cutting operating dollars that was just something new, and it was a new process.*

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*From a budget standpoint, it would be or should be a document that gives everyone their parameters that goes in terms of doing what they need to do to accomplish their level of responsibility for the organization.*

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*Budgeting, my problem with that, budget is budget, setting the parameters from which you have to work from a financial standpoint.*

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*I think you know better than I that each year we're given a budget say, here you go, and that's the reality. I do believe that the administration has been listening to us, and they are super supportive of us in everything that we do. I will say that we're given that budget. Once we get the budget, we say, okay, here's what we got. We start either trimming-- Pretty much we start trimming what is definitely not essential, and pretty much everything is essential.*

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*We came up with the proposal on what it is we would like and what we needed. Then we presented it to, in this case, the city, and the city comes back and says, "No, this is what you're getting." Then it's figuring out okay if this is the number, what of the what we want to do, can we do, and what would be the most effective to move the needle that supports a strategic plan? Then how do we augment through other sources, if we can.*

### **V.1.6 Temporal Dimensions**

I wanted to explore whether the temporal dimensions of behavior influenced the budget and strategic plan's relationship. This case study uncovers some interesting and revelatory temporal dimensions of behavior, which I discuss next and present the propositions.

#### **V.1.6.1 Present Bias**

The findings support a preference that individuals exhibit towards the present versus the future. When given a choice, individuals tend to focus on immediate needs versus planning for a longer-term. This bias refers to a tendency of an individual to give stronger weight to a reward that is close to the present than the future. The outcome is sooner. In an application to the budget and strategic plan, individuals might lean towards choices with more immediate needs, like a budget rather than later or longer-term needs of the strategic plan. Interviewees consistently noted the importance of prioritizing strategies to address the current year's short-term demands, whereby the result of that choice happens sooner.

***Proposition 1:*** *Individuals prioritize compliance with the current year's budget due to its shorter time horizon rather than the strategic plan's execution due to its longer time horizon.*

*You will always be in the moment, and by in the moment, I mean, within the current fiscal year.*

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*Departments tend to manage how they do things on year-by-year basis and probably more reactive than anything.*

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*I would say we would plan this fiscal year for the budget, but as far as the strategic plan, I think we would need to stay and keep our minds focused on this fiscal year in order to ensure that we can execute it. That would entail monitoring and analyzing that current year budget.*

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*Well, I would caveat by saying, of course, a three to five-year horizon is important, but primarily we're focused on the budget for the current year.*

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*People remember what you do today, not what you did yesterday, unfortunately. Yes, it'd (budget) be this fiscal year.*

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*This fiscal year. I think we live in a lot of short-termism. Even in the strategic plan that we have, it's only three years out. It's one-year and three-year goals. We're definitely more focused on year one.*

Individuals suggested that near-term circumstances can be more directly controlled than longer-term circumstances. Present bias tends to highlight an individual's lack of self-control, and their ability and confidence to predict future outcomes. In an application to the budget and strategic plan, individuals may feel more secure and confident in outcomes from choices they feel they have more control over. The findings support that when individuals feel that they have more control, they will direct more of their focus and attention on compliance near-term.

***Proposition 2:*** *Individuals prioritize compliance with the current year's budget due to a belief they have more control over near-term action and outcomes rather than longer-term actions and outcomes.*

*I don't want to run an undisciplined organization and impact the bottom line of the city's budget. It's important to me that I do as best I can to come within my budget each fiscal period.*

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*I can influence what I can control. I'm not even sure I'll be here in three years. For the city, I think is really a critical issue is when you throw out senior leadership and all that institutional knowledge that goes with it, you're doomed for a setback.*

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*I'm going to put more emphasis on what I can control, which is this year's budget.*

### **V.1.6.2 Time Discounting**

Interviewees suggest that the future is uncertain and ambiguous; therefore, they prioritize near-term actions and outcomes and place less value on future actions and outcomes. Near-term actions and outcomes seem reasonably tangible and expectedly doable. Time discounting refers to the relative value placed on rewards or outcomes at different points in time. Once the rewards are very distant, individuals cease to see value or the rewards are minimally valuable. It differs from present bias, bias towards the *present*, in that time discounting predicts the discounting of the *future* as non-linear and not occurring at a constant rate. In an application to the budget and strategic plan, individuals see the outcomes from the strategic plan as very distant, and minimally invest time and effort in its development and delivery.

***Proposition 3:*** *Individuals departmental budgets with less regard for the strategic plan due to a lesser intrinsic value placed on future actions and outcomes.*

*It's unrealistic to say that we can do everything that we put in here (strategic plan), and that was not our goal. We set things to be able to get done over the next five years, and some of them are going to go beyond five years. It was not our goal. Remember, the things that we can pull off in a short period of time, we typically will call those the operational plan. They'll fit in here, but those are low hanging fruit that we were just talking about, those things that you could easily get done.*

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*I would say planning for the needs of my department this fiscal year. I used to think a little bit more broadly. One of the things that I've come to realize is that people*



*come and go. We need to develop sooner than later. I think this new generation, if we have an office that's clearly defined, is on autopilot, and we're looking beyond the nuts and bolts of the operation. The needs of the department now are more important than two to three years from now. The office can operate. We still should be a smooth operation regardless of the personnel that's there. That's the ultimate goal to get it to that point, and then the second goal you have such a good operation with the people, and they're still intrigued to continue to want to work. Take care of it now rather than waiting three to four years because you may wind up spending a lot of time, energy, and money over the course of a couple of years only to see that it's wasted away.*

### **V.1.6.3 Diversification Bias**

Interviewees noted that they often start with a “wish list” of budget requests and “stretch” strategic plan goals knowing that there will be some room for negotiation. Diversification bias refers to individuals seeking variety or flexibility in choices; having several options. In an application to the budget and strategic plan, individuals seek to overestimate their need for flexibility and build in additional safety-nets. With the knowledge that there is some “room” in their budget and strategic plans, they compromise down to a lesser amount and expectation, feeling somewhat comfortable that there was some cushion.

***Proposition 4:*** *Individuals leverage their departmental strategic plans and budgets to allow for variety across the spectrum of execution and delivery modes.*

*Every year, we have these budget meetings with departments, and they come in with a long wish list of items. They always come in with a big wish list, and I'm sure that a lot of the things they bring in would assist with the mayor's initiatives of being in a safe and welcoming city, but we can't fund everything that they bring at the table. I'd say that's a huge challenge, is prioritizing what's at the top of the list and what's at the bottom of the list.*

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*Marketing and human resources sometimes, in my opinion, get carried away with big dreams and plans. It's fine, but you have to draw the line and say, "What can I afford?" I think that's the steadying body and always the discussion that needs to be had between marketing/HR. Then, of course, the other areas, operational areas, they're going to want to do what they want to do, and sometimes they get big dreams too, but it's always a matter of what can you afford. That has to be laid out and talked about.*

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*...But (let's say) if we have-- 60% of our fire stations are greater than 50 years old. We need to replace every single last one of them, but we know that the budget in the city is not going to be able to do that. That's not realistic, but it's on our strategic plan. Whether it gets done or not or fulfilled, that's a different story. It'll be on the strategic plan, saying that these buildings that are greater than whatever age need to be replaced. Can we accomplish it? Maybe not. Not in 2020. We'll try 2021. We'll try 2022.*

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*Let people know that, first of all, everything in the strategic plan does not require the budget. Just because we may not have the money in the budget this year to do all of this stuff, let's hope and pray that we can pull it off next year because, at the end of the year, we will make an assessment.*

#### **V.1.6.4 V.1.VI.4 Forecasting**

Forecasting techniques are used to develop budgets and strategic plans as forward-looking tools. However, decisions may be loosely governed by experience and memory resulting in error. Individuals tend to be overconfident in their ability to predict the future and ultimately not held responsible. In an application to the budget and strategic plan, whether forecasting is accurate or not, funding shortfalls are filled, alleviating accountability. The findings suggest that individuals rely on a belief that the “organization” will fill any financial gap they may have. When preparing their departmental strategic plans, there is less focus on the financial implications because they know there is a “fallback.”

***Proposition 5:*** *Individuals develop departmental strategic plans with less regard for departmental budgetary allocations due to a perception that the organization will eventually solve for budgetary shortfalls in the future.*

*Although reserves and things like that can be tapped into, this is something that needs to be replenished for the future.*

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*(Not) Having a very healthy contingency in place and fund balance and all that stuff in place would have been far more detrimental.*

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*We did not quantify any of them. We didn't put a dollar price to them. For example, Let's talk about facilities, for example. Facilities were big for the internal stakeholders. What we know is that the fire station that we were trying to build, but we know that to build a facility a year ago or nine months ago, it was going to cost \$9 million nine months ago, it may very well cost \$9.7 million today. We did not quantify. We just said this needs to be addressed, and here are some components of it.*

---

*We assume we could forecast what happens over the next five years, which was a false assumption. I think when we plan strategically next time, we'll do a lot of what-if scenarios and more contingency type planning.*

---

*I know the goal is to try to figure out how we can collect what we put up in terms of anticipations, but we can get that to finish out the year without having to go to the well yet again, with the well-being fund balance.*

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*I think that usually happens fairly early on in the fiscal year because they see that, "Oh, we have a full budget, we're good. We can do this, we can do this. We'll figure it out once we get to that point.*

#### **V.1.6.5 Memory**

Individuals remember and reference their prior-year budget as a starting point for any future budget allocations. They expect that they will receive at least what they were allocated in the prior year, perhaps increasing. This relieves them from an inclination to revisit their strategic plan with alternatives that would require a different funding level. Memory is closely related to the availability bias which originates from an individual's ease to retrieve information. More recent experiences come to mind and present as anchors in a certain decisions. In an application to the budget and strategic plan, individuals may fixate on their prior year budget and remember closely complying to the budget although it may not be true or as accurate as they recall.

***Proposition 6:*** *Individuals' prior year departmental budgets anchor their expectations for their department's current year budget, with little consideration of how to alter the strategic plan's execution.*

*So they set out operationally to, based on some, not arbitrary but based on last year's number. They go into the next year operationally but don't really revisit any realignment within their operations that would tie back to a budget and strategic plan.*

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*We tend to just carry forward a budget from one year to the next. Oftentimes when you do that, I think it sort of assumes that this year will be basically the same as the previous year. I think what's actually missed in that opportunity is for people to take into account what is actually going on at the very moment and what will be going on in the next year to two years. I think that there's always discussions that departments have, but it's really not rooted in any kind of fundamental structured way that the budget can be developed. It is actually prepared for those new things that could be actually coming.*

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## **V.2 Budget and Strategic Plan Relationship – Exogenous Shock**

The empirical data indicate several themes supplemental to the budget and strategic plan's misalignment as it relates to an exogenous shock, specifically the COVID-19 pandemic. Interviewees clearly experienced changes in the way they thought about how they work. In some ways, individuals found efficiencies on which to capitalize; others found that this experience exposed many of their current processes as antiquated. Still, others recognized the pervasive impact this pandemic was having across the organization and found it important to re-evaluate and focus mainly on strategies that would maintain current delivery levels. The number of times interviewees iterated these key themes is summarized in the table below (see **Table 12**) and discussed.

**Table 12: Budget and Strategic Plan Relationship – Exogenous Shock: Coding of Qualitative Data into Themes**

Person	A : Ability to recognize deficiencies and make adjustments needed to a new way of working	B : Ability to recognize efficiencies and make adjustments needed to a new way of working	C : Concern for the ability to continue to deliver services
1	3	2	16
2	2	0	4
3	5	2	6
4	1	2	3
5	1	0	7
6	1	3	6
7	8	1	4
8	3	0	3
9	3	0	8
10	6	2	6
11	3	0	4
12	5	1	3
13	6	0	8
14	4	0	4
15	0	0	3
16	4	0	9
17	2	0	8
18	2	3	5
19	2	1	3
20	4	4	3
21	0	0	1
22	2	1	1
23	2	3	1
Total	69	25	116

### V.2.1 Recognizing Efficiencies

Individuals identified positive sentiments in light of the COVID-19 pandemic. Although there was a sudden and necessary adjustment in getting their work accomplished, many interviewees noted that they were more productive and less stressed. They did not have to commute to work and appreciated the value of teleworking in finding more work-life balance. In this sense, they felt more productive, could focus better, and discovered ways to be more efficient in their work.

**Proposition 7:** *When organizations experience a major exogenous shock, their ability to recognize efficiencies and adjust to a new way of working will influence the extent to which the budget and strategic plan remain aligned.*

*I think one of the positives, at least from a management standpoint, making decisions, advising staff, being a little bit more on your A-game, at least for me, I think that has enhanced, especially over the last six months because I think once COVID went into place and day one, it was like, "Oh my God, what are we going to do? How's this thing going to work?" But now I look back on it, and it's a normal part of the business. This*

*COVID has really enhanced my skills in decision making and being a little bit more focused and especially with staff. That's been a plus.*

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*People were a little bit more willing to go the extra yard because they were home. It's a lot easier. You got your laptop. It's so much easier to pop your laptop open and check it. We have experienced that, especially with staff like vacation, it just goes to show you have that flexibility, that incentive. I've always wondered if we do go back to the office, and if it is, hey, Monday through Friday, we're back at the grind, I always had that feeling of how many people may look at that flexibility and freedom and say, I want that to continue. For me personally, I think where it opened me up is that I need to leave the office. I need to get out there and spend more time with my family, because, like I said, that hour commute. If I'm leaving the office at 6:30 at night and I'm getting home at 7:30, my family has already had dinner, and my kids are now saying I got homework, and I'm like, I need to unwind. Just this little time that we had, I think it goes a long way. It goes a long way knowing that you can put that extra 30, 40 minutes in there and still spend that quality time with your family because you're using half of that commute time.*

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*Just internally, one of the things that have been a surprise for me, because I will tell you I was not in the camp of teleworking and remote working. I was definitely in the camp of let's be in an office so that people can connect and have spontaneous meetings and discussions. I was slow to come to this: 'we can do teleworking' until the pandemic forced this on us. What I've seen is firsthand, essentially, we've been in a six-month clinical trial of seeing what organizations can do, and it has really switched my perception on people getting the work done and still being productive and not necessarily having to be in a physical building somewhere. That's probably the positive piece that I've seen, just if you're talking about organizations specifically.*

### **V.2.2 Recognizing Deficiencies**

The findings suggest that the COVID-19 pandemic gave interviewees an opportunity to re-assess how their work was being accomplished. This pause provided the chance to reflect along temporal dimensions and spotlight the need to plan for the future. In doing so, they could unearth inefficiencies in workflow, waste, and deficiencies in processes.

**Proposition 8:** *When organizations experience a major exogenous shock, their ability to recognize deficiencies and make necessary adjustments to a new way of working will influence the extent to which the budget and strategic plan remain aligned.*

*There was still a lot of use and reliance on old ways of doing things that COVID has helped us really just figure out new ways of making sure we have proper documentation,*

*signing off on things, less paper usage, ability to get quick meetings in place without having to eat up a lot of time.*

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*Again, in the current environment that we're in with COVID, it's going to allow us to give more thought to the plan for the future.*

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*I think, particularly for like a workplace environment standpoint, I think there are a number of things that we thought were going to be important. We are talking about renovating our floor and trying to carve out a piece of the budget. I don't think we are going to renovate any office space for a long time. We're working through a number of these things.*

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*We are finding that we can do a lot more things remotely, and some of the teams function better remote. That means we want to better enable those teams, so maybe we're finding our engineers are able to pump out designs faster remote. Well, if they're designing stuff faster, then maybe we do not need as big of an engineering team. On the frontlines, people are driving less. That should be less wear and tear on our roads.*

---

*We had to realign priorities. We had to realign strategy within the strategic elements that we were focusing on. Some things we just simply couldn't do. A large part of that was to squeeze in some of those other ancillary expenses that you know about, that we talked about during the budget process. The only adjustment is really you have to dial back your strategic priorities in order to be able to manage the things that you feel are most important given the impact to the budget.*

### **V.2.3 Maintaining Status Quo**

Individuals noted the uncertainty surrounding the pandemic: how long it would last, how long it would take for the economy to recover, additional Federal Aid, all unknowns. With depressed revenues and unexpected expenses, they were also concerned with maintaining the current level of service to constituents and retaining personnel.

**Proposition 9:** *When an organization experiences a major exogenous shock, their concern for the ability to continue to deliver services without making financial or operational adjustments will influence the extent to which the budget and strategic plan remain aligned.*

*It has had a profound effect on how we now need to start just not to manage what we think that we can achieve in this fiscal year with reduced resources, but to look out two or three years ahead and try to still maximize our ability to provide services under the constraints of this epidemic or this pandemic.*

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*...continue to be able to provide resources we can for the city to perform its duties, but at the same time, we are solvent enough where we have the opportunity to take advantage of certain things like the capital market and other opportunities when they present themselves.*

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*I think right now, we need to just try to do what we need to do to satisfy, accommodate our customers, meaning the citizens. I think that's just most important right now. I think the world, actually, the country, but the world itself is, we're in a fragile place based on the pandemic. I think it might be facetious to start trying to plan three to five years out when you don't know if you're going to make it to the end of this fiscal year.*

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*Many of those things had to take a backseat to stabilize the budget for this year. This is more of a status quo effort, not a key initiative driver for this fiscal year.*

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*In other words, we're not as ambitious on some of the strategies, given the priorities around keeping people employed. You know what I mean? Keeping the water running, if you will. We're in the posture now where we just got to keep services going, make sure that we have funding to support those things that are must-haves, rather than those wishful-thinking initiatives that many times we try to accomplish as part of the process.*



## VI DISCUSSION AND CONTRIBUTIONS

Budget and strategic planning outcomes are many: contributing to the organization's stability, efficient resource allocation, and the organization's goal achievement. When misalignment between the two occurs, these are put at risk. Returning to the original research questions, I detail the implications based on the study results.

*How do the temporal dimensions of behavior help explain misalignment between the budget and strategic plan?*

*How does a major exogenous shock amplify misalignment between the budget and strategic plan?*

I conducted an embedded, in-depth case study (Yin, 2017) of a large municipality and gained a detailed perspective on why misalignment occurs between the budget and strategic plan. Notably, this study examined the temporal dimensions of behavior within the budget and strategic plan relationship, a novel perspective on why misalignment occurs. I find that nuances in an individual's perceptions of time do play an important role in misalignment. I also understand different perspectives on the impact of an exogenous shock, such as the COVID-19 pandemic, on the budget and strategic plan relationship. Integrating these critical findings within an organizational context supports the relevance of the budget and strategic plan relationship as an area of research that aligns theory and practice.

### VI.1 Contributions to Theory

I contribute to the existing literature by providing a detailed empirical account of how, when, and why misalignment occurs between the budget and strategic plan relationship within a large municipality over a fiscal year. This study adds to the body of literature in several ways. First, the use of behavioral economics concepts to tie in the psychological, sociological, and

economic models to human behavior had not yet been previously explored in the literature on budgets and strategic plans. Further, I introduce a novel research lens with the introduction of the temporal dimensions of behavior into the arena that further explains misalignment between the budget and strategic plan relationship. I extend the literature with the application of behavioral economics and specifically temporal dimensions of behavior within an organizational context.

Behavioral economics has been historically and predominantly studied in explaining consumer behavior, yet in its infancy in its application to organizational behavior. I recognized the need to ask questions about how evidence from one domain might apply to another leading to new angles of thinking and problem solving (Rousseau, 2012). This study reveals that individuals' perceptions of time play a role in the misalignment within the budget and strategic plan relationship. This study moves forward the previously unforeseen consequences of temporal dimensions of individual behavior that undergird organizational behavior. This allows individuals and groups to better understand and traverse delicate and complex decision-making processes, like budgeting and strategic planning, across the organization, not only in theory but in practice.

### ***VI.1.1 Empirical Insights***

To understand why misalignment occurs between the budget and strategic plan, I first needed to understand better the underlying relationship between them (Wolf & Floyd, 2017). In understanding this connection, further insights can be gleaned as to why there is disconnection. I solidified the linkage by conducting a systematic empirical study within a large municipality, and in doing so, I uncover several factors that influence misalignment. Consistent with previous literature on budgets and strategic plans, I find that adaptability of the budget and strategic plan (i.e., document) and organization (Brews & Hunt, 1999; Forrester & Mullins, 1992; Ribnick & Levenson, 2019; Wolf & Floyd, 2017), the presence of a champion (Jónsson, 1982; Jordan, 2003;

Kren, 1992; H. Mintzberg, 1978; Wildavsky, 1975), and communication (Blumentritt, 2006; Bunce et al., 1995; Steensen, 2014) are important factors that, when absent or minimal, influence misalignment between the budget and strategic plan.

This study also advances knowledge and insight into additional factors: loss aversion and an individual's perception of the budget and strategic plan relationship. Loss aversion (Kahneman & Tversky, 1979), in this sense, is revelatory as a budding new perspective into the thought process of individuals: they perceive a budget cut as more “punitive” than they perceive the “reward” of an equal budget increase. Loss is thought to be psychologically more painful than the pleasure of gaining. “Losses loom larger than gains” (Kahneman & Tversky, 1979). Individuals are more motivated to spend all of their budgets or more, rather than underspend and risk losing funding. There is an absence in the literature on the application of loss aversion within the budget and strategic plan relationship. This study also uncovers the disconnect among individuals within the same organization where some believe the budget drives the strategic plan, while others believe the strategic plan drives the budget. This incongruent perspective within the organization inevitably leads to individuals determining where their focus and priorities lie.

### ***VI.1.2 Role of Temporal Dimensions of Behavior***

Individuals make certain decisions about when and how much of something to do. They also choose when and how much of something they divide, all at various points in time. It is these choices at that given time that influence financial possibilities in the future. Previous literature has not addressed the temporal dimensions of behavior as a threat to misalignment between the budget and strategic plan. This study now provides an even more in-depth understanding of both proximate and distal outcomes (Li & Wang, 2010; Wolf & Floyd, 2017) by integrating temporal dimensions of behavior into the budget and strategic plan relationship.

### ***VI.1.2.1 Present Bias***

Individuals are present-biased, meaning they prefer rewards sooner and costs later, and generally describes impatience or immediate gratification (Frederick et al., 2002; O'Donoghue & Rabin, 1999; Soman et al., 2005). An individual responsible for a departmental budget reveals this preference by focusing on their department's wants and needs being met now rather than later. Likewise, an individual focused on executing the strategic plan prefers to have those initiatives funded first. The future is unclear, so the focus is on the wants and needs of today. Presenting behavior focusing on the budget prioritizes current funding, cannibalizing the organization's ability to plan for longer-term initiatives to the strategic plan's detriment.

### ***VI.1.2.2 Time Discounting***

Given the ambiguity of future outcomes, individuals perceive the budget as a short-term agenda item more easily within their control. Simultaneously, the longer-term strategic plan leaves space for individuals to place less importance on its accuracy and execution. The degree to which individuals anticipate and discount those future events varies (Brews & Hunt, 1999; Loewenstein & Thaler, 1989), which places the budget's alignment with the strategic plan at risk.

### ***VI.1.2.3 Diversification Bias***

Described as a type of bias, individuals seek more variety when choices are bundled versus when they are separate, not always to their benefit. Variety seeking is based on a diminishing rate of marginal return to consumption; the more of something someone has, the less incremental value or enjoyment they receive. At some point, the individual becomes increasingly indifferent (Ainslie & Haslam, 1992; Read & Loewenstein, 1995). In an application to the budget and strategic plan, I surmise that individuals create "wish lists" and inflated funding requests, packaged in the form of budgets and strategic plans to allow for a diverse range of

options. Having funding for a variety of options means that individuals make room for some seen and unforeseen issues that may arise during a fiscal year or flexibility on when and what they decide to execute within the strategic plan. In this way, building in disguised options disconnects the budget and strategic plan.

#### ***VI.1.2.4 Forecasting***

Forecasting is a key factor in dealing with forward-looking budgets and strategic plans; however, Mintzberg (1994) observed that individuals tended to overestimate their ability to predict the future and to plan for it in a precise way. In this sense, reliance on strategic planning and budgeting tends to promote little more than a rollover from the previous year (Bunce et al., 1995; Hope & Fraser, 2003), or a minimal increase from the prior year as a baseline (Forrester, 1993; Neuby, 1997). However, the past is not always the best predictor of the future, and this approach favors short term change over the long term due mainly to lack of vision, doubt, and overconfidence in one's ability to predict. As the future draws near, the urgency to address the pressing near-term issues takes over while delaying longer-term initiatives with the anticipation that it will somehow be resolved later (Jordan, 2003), only perpetuating the disconnection between the budget and strategic plan.

#### ***VI.1.2.5 Memory***

Regardless of performance, individuals may unknowingly place a mental placeholder on previous budgets. This is an essential factor to consider when individuals are reluctant to re-adjust from these pre-set expectations (Kenno et al., 2018) and detrimental to the budget and strategic plan relationship's alignment. Particularly in the absence of a reward system or periodic performance assessment, individuals quickly disregard whether they actually delivered on the objectives set out in the strategic plan or met (i.e., underspent their budget allocation) the budget.

When individuals are unwilling to adapt their budget or strategic plan to the current environment (i.e., less revenue) due to an allegiance to what has been allocated in the past, it sets the path to overspend their budget, underdeliver on their strategic plan, or both.

### ***VI.1.3 Role of Exogenous Shock***

An exogenous shock is a sudden, sharp event that instantaneously threatens an organization's ability to function, which stresses the organization's ability to change direction quickly. This study acknowledges the importance of striking a balance between rigidity and flexibility within both the budget and strategic plan (Bunce et al., 1995; Neuby, 1997) while simultaneously acknowledging the need to have a level of control over outcomes (Johansson & Siverbo, 2014; Jónsson, 1982). Too much inflexibility lends itself to missed targets and a plethora of excuses; too little and accountability suffers (See Figure 7).

**Figure 7: Budget and Strategic Plan Relationship: Flexibility Continuum**



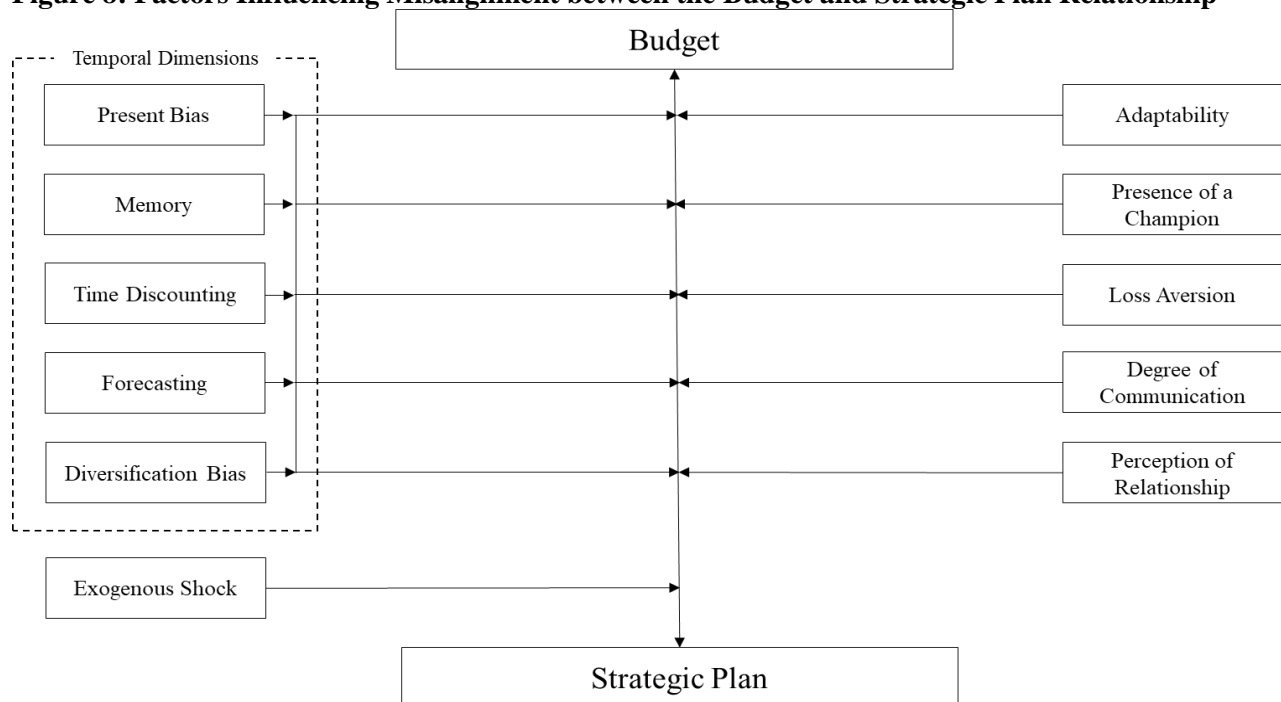
However, an exogenous shock amplifies the misalignment between the budget and strategic plan relationship and emphasizes the flexibility required because it introduces an external layer of complication: decision-making under conditions of uncertainty (Drazen & George, 1991; Forrester & Mullins, 1992; Otto et al., 1966; Rubin, 1990). It forces organizations to analyze their flexibility level and decide whether they can continue as is or must take drastic measures to survive. An exogenous shock upsets the stability and reliability of most operational functions within the organization. As a result, many levers must be pulled to regain balance. Some level of flexibility is required to have authority to ease the appropriate levers in proper time.

#### ***VI.1.4 Integrated Model***

Temporal dimensions affect *individual* behavior. Within an organization, individuals are a subset of a group or *department*, and departments are then a subset of an *organization*. Departments are responsible for an allocated budget and may or may not have or be required to have their strategic plan. These components make up the organization as a whole, with an overall budget and strategic plan. In addition, an *exogenous shock*, external to temporal dimensions of behavior, may also influence the relationship between the budget and strategic plan. The findings also indicate that the adaptability of the document, the presence of a champion, perceptions of loss (budget cut) versus gain (budget increase), the degree of communication within the organization, and the perception of priority, or lead actor (i.e., budget versus strategic plan) in the budget and

strategic plan relationship influence misalignment. As evidenced by this study, these factors are represented in an integrated model depicted below (See Figure 8). While not an exhaustive list of all factors that influence misalignment between the budget and strategic plan, these findings support that there are many factors at play.

**Figure 8: Factors Influencing Misalignment between the Budget and Strategic Plan Relationship**





## **VI.2 Contributions to Practice**

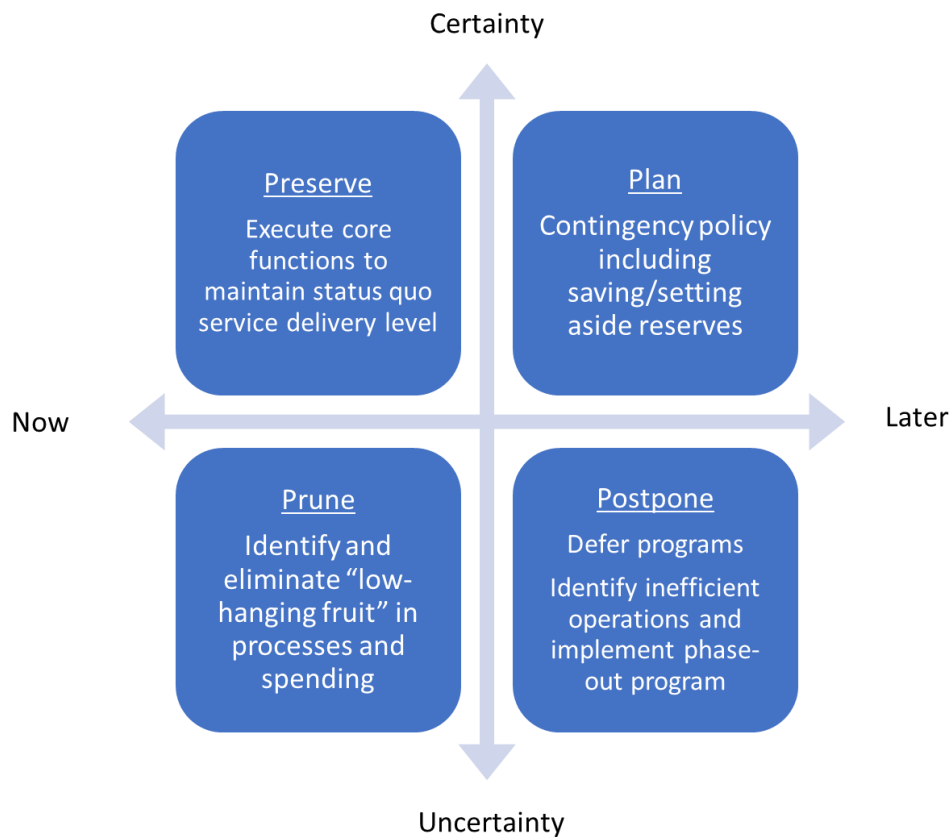
As this study highlights, temporal dimensions of behavior: present bias, time discounting, diversification bias, forecasting, and memory, all factor into how individuals prioritize longer-term initiatives in the strategic plan that compete with shorter-term budgetary allocations. In reality, individuals deal with this internal tension between making an initial far-sighted decision and short-sighted demands. This tension is continually present as individuals move through decision points of budget allocations and strategic planning goals, trying to balance the risk of successfully achieving both. Plans made one day can and are broken at some later date. Individuals change between what is preferred now or later based on varying factors: new information, a change in the immediate situation, changes within the organization, current emotional state, etc. In the context of an organization's strategic plan and budget, individuals not only make such a proposal and commit to implementing that proposal but often must be able to adapt to change quickly. They are expected to have the ability to be flexible, shift, and juggle priorities without losing a step. It is imperative that individuals carefully monitor changes in the internal and external organization environment and make course corrections. Remaining steadfast in a fixed decision in the face of new information could prove devastating for organizations and result in failure to meet the budget or inability to execute the strategic plan fully.

To fully understand the importance of the budget and strategic plan relationship and the alignment needed, organizations must also recognize their similarities and differences. Strategic plans and budgets are different in both form and function. The strategic plan prepares the organization to make future decisions and sets the course to achieve defined objectives. It is the vision of where an organization desires to go. A well-laid plan will provide a roadmap and lay the groundwork for accomplishing that. The budget should then use the strategic plan to prioritize and allocate funds to achieve those objectives. A well-defined budget will provide the financial details

allocated to operations, personnel, and even capital investments to deliver on the larger strategic plan. As this study demonstrates, there is inconsistency in the perception of which should take priority: the budget or strategic plan. Organizations can ill-afford to let this incongruence remain. They must stress the importance of linking the budget and strategic plan, clearly establish the strategic plan as the principal force, and use the budget to inform the strategic plan in a symbiotic fashion. The budget and strategic plan are perhaps two of the most important factors influencing improved outcomes for an organization and cannot be performed in silos. Strategic plans must be clearly defined, have options clearly spelled out, communicated organization-wide, consequences of executing or not executing explained, then budget allocations provided that are reasonable to support the plan.

Undoubtedly, organizations will continue to struggle through the COVID-19 pandemic. The complexity of this problem is unique in that it attacked as an economic disruptor as well as a major health and safety issue. Unpredictable events such as this require adjustment once they occur, more so than trying to predict and anticipate them (Rousseau, 2012). The best course of action is to focus on contingency planning. But with lower revenue coming in, saving will be difficult. Based on these findings, it will be incumbent upon organizations to balance operational flexibility with performance or service delivery. This pandemic has forced most organizations to adjust their operations very quickly. A contingency action plan should include work plans that transition employees short- and long- term, on-site and off, staggered shifts, and evaluate a continuum of service levels, ranging from scaling back to status quo. Accounting for levels of uncertainty and organizational focus on now versus later, I propose the following framework for organizations to determine how they might plan differently under these conditions (See Figure 9).

**Figure 9: Framework of Temporal Behavior under Conditions of Uncertainty**



Now considering the implications of an exogenous shock that brings a level of environmental uncertainty (i.e., social, political, economic) centerstage, and marrying it with temporal of dimensions, organizations may find their decision-making within one of these four sectors. If an organization is focused on now and there is a high level of uncertainty, they would consider pruning; looking for opportunities to easily and quickly cut inefficiencies in processes and excess spending. If an organization is focused on later and there is a high level of uncertainty, they would postpone major programs, and identify operations that are not delivering value that could be phased-out. If an organization is focused on now and there is a high level of certainty, they could zero in on preserving existing core functions and delivering on their current service delivery level. If an organization is focuses on later and there is a high level of certainty, it affords

them the opportunity to plan; that is, consider implementing contingency policies that could encompass saving or setting aside rainy-day funds.

Identifying the pitfalls that cause misalignment between the budget and strategic plan allows organizations to have early warning signals, contingency plans, and mitigation efforts to ensure these two remain aligned. Solutions without understanding the underlying causes succeed only by chance (Jordan, 2003). When an organization can lay out a framework for their future direction and link the financial requirements directly to the budget, their performance can be improved through better accountability and transparency, deliberate assessment of priorities, more predictable outcomes, and efficient resource allocations. Finally, I propose practical recommendations for practitioners while working through the budget and strategic planning process: before, during and after completion. By deliberately incorporating more communication, engagement, and feedback, misalignment between the budget and strategic plan may be reduced or eliminated (See **Error! Reference source not found.3**).

**Table 13: Recommendations for Practitioners**

How might organizations keep the budget and strategic plan aligned over time

	Before Budget and Strategic Plan Process	During Budget and Strategic Plan Process	After Budget and Strategic Plan Process
Leadership	Clearly define objectives and funding	Be adaptable and open to re-assessment and restructure	Monitor and adjust expectations
Management	Identify needs and document knowns and risks Communicate and collaborate across all departments	Question assumptions and expectations if unreasonable	Implement regularly scheduled reviews of progress with leadership and employees to inform, recommend action or make change
Employees	Mitigate causes of misalignment including temporal dimensions of behavior by having direct and objective input from others during discussion	Provide insights from “boots on the ground” operations	Specific assignments to execute from the strategic plan and accountable to management for delivery and budget compliance

### VI.3 Limitations and Future Research

As a single-case study, these finding may not have produced an exhaustive list of all factors influencing misalignment between the budget and strategic plan and recognizes that there are many factors at play that are more complex and subtle than previously thought. I employed a theoretical sample and not a statistical sample, these single case study findings may not be generalizable to a population but have generalizable theory implications. Theoretical sampling is appropriate because it is intended to expand and generalize theory from the case study, not the case (Cavaye, 1996; Eisenhardt & Graebner, 2007; Trochim et al., 2016). However, the City of Atlanta has all the major complexities and characteristics of all other major cities. While applicable and transferrable across

large municipalities, I also recognize the nuances relevant within the public sector. A study integrating temporal dimensions of behavior within the private sector would be a new context to explore. Integrating a survey instrument to measure temporal dimensions of behavior could be insightful in many organizational contexts. Additionally, future research should also operationalize the constructs of the budget and strategic plan to measure the relationship's strength.

## APPENDICES

### Appendix A: Research Protocol

#### 1. Summary

This study examines the misalignment between the budget and strategic plan and why this happens within the public sector. Additionally, this study investigates how an exogenous factor, such as the COVID-19 pandemic amplifies this misalignment. The study expects to yield the following results:

- 1.1. Building theory to describe the relationship between the budget and strategic plan and why misalignment occurs
- 1.2. Provide a conceptual model of the factors that influence the misalignment that occurs within the budget and strategic plan relationship
- 1.3. Practical guidance for managers to employ specific principles to apply before, during, and after strategic plans and budgets and developed to ensure initial and continued alignment

I apply a case study methodology with semi-structured interviews (Miles et al., 2014; Myers, 2013; Yin, 2017) with participants, who are either current or previous employees of the large municipality and have been involved with the budget and strategic plan.

#### 2. Description

- 2.1. Motivation: Organizations only have a finite amount of financial resources to deploy to continue to carry out its vision, mission, and goals. The purpose of the budget is to funnel those financial resources to execute that mission. Many organizations, however, experience a divergence between their strategic plan and budget. Although related, many organizations find themselves with a budget misaligned with its strategic plan.
- 2.2. Objectives: To build theory that defines and describes the relationship between the budget and strategic plan and why misalignment occurs. To provide a conceptual model and supporting propositions of the factors that cause misalignment to occur within the budget and strategic plan relationship. To provide practical guidance for managers to use before, during, and after strategic plans are developed to ensure initial and continued alignment.
- 2.3. Methodology: An embedded, single-case study methodology will be used for the study as the most appropriate method to fulfill the study objectives (Miles et al., 2014; Myers, 2013; Yin, 2017).
  - 2.3.1. Data Management and Analysis: Participants are current or previous employees of the large municipality and involved directly with the budget and strategic plan of the organization. A total of 23 interviewees were recruited for this study. Notes were taken by the Principal Investigator during the interviews. With the interviewee's consent, each interview was digitally audio-recorded to facilitate data collection. The interviews were conducted via Webex and took no longer than one hour each. When necessary, interviewees were asked to participate in one additional follow-up

interview or sent clarifying questions via email. Each follow-up interview lasted no longer than thirty minutes. Each interviewee's total participation in this study did not exceed one hour and thirty minutes.

2.4. This study involved no compensation to the participants.

### 3. Ethical Considerations

Participation in this research was voluntary. If a participant decided to be in the study and then changed his or her mind, they maintained the right to drop out at any time. The participant was allowed to skip questions or stop participating at any time. Whatever the decision, there was no consequence. Participants of this study had no more risk than they would face in a normal day of life.

I will keep the records of the interviewees confidential to the extent allowed by law. Only the Principal Investigator has access to the information provided. Information was also shared with those who make sure the study is done correctly (GSU Institutional Review Board (IRB) and the Office for Human Research Protection (OHRP)).

All electronic materials related to interviews (i.e., digital audio recordings, transcripts) were stored as password-protected files on the Principal Investigator's computer. The computer is protected by a username, password, and firewall. All paper documents and digital audio recordings produced for this study will be stored for two years and then destroyed. The names and any other identifying information of the participants do not appear in this study or results.

### 4. References

Miles, M. B., Huberman, A. M., & Saldaña, J. (2014). *Qualitative data analysis : a methods*

*sourcebook* (Third edition. ed.): SAGE.

Myers, M. D. (2013). *Qualitative research in business & management* (2nd edition. ed.): SAGE.

Yin, R. K. (2017). *Case study research and applications: Design and methods*: Sage publications.



## Appendix B: Interview Protocol

### Interview Guidelines:

1. Interviews will be conducted via Webex teleconference and scheduled using Cisco Webex conferencing software.
2. At the beginning of each interview, the participant will be provided with the purpose of the study and short introduction.
3. Each participant will review a copy of their informed consent document and reminding them that this interview is completely voluntary and they have the right to end the interview at any time.
4. Interviews will be transcribed following the sessions.
5. At the conclusion of the interview, participants will be thanked and provided contact information if they have follow-up questions or concerns.

Research Method: Qualitative, single-case study

Total Interviews: 25 semi-structured

### Research Questions:

1. *How do temporal dimensions of behavior help explain misalignment between the budget and strategic plan?*
2. *How does a major exogenous shock amplify misalignment between the budget and strategic plan?*

The following preliminary questions represent the planned set of questions that may be asked. Additional relevant questions may be prompted during an interview based on the participant's responses.

<i>Section</i>	<i>Interview Questions</i>
Budget and Strategic Plan Experience	<ol style="list-style-type: none"> <li>1. What is your role within the budget and strategic plan?</li> <li>2. Does your department have its own strategic plan? If so, how does it align with the organization's strategic plan?</li> <li>3. What would you say are the biggest challenges within the budget and strategic plan aligning?</li> </ol>
Time Discounting and Present Bias	<ol style="list-style-type: none"> <li>4. Thinking about last fiscal year, how did you go about allocating budget resources to address the needs of your department?</li> <li>5. How urgent were those needs?</li> <li>6. Were you able to meet your budget? If not, why do you think that is?</li> <li>7. How will you plan for the needs for your department for next year?</li> <li>8. How will you plan for the needs for your department three to five years from now?</li> </ol>

	<p>9. How does that align with the strategic plan of the organization?</p> <p>10. Thinking about last fiscal year, how did you go about addressing the strategic plan within your department?</p> <p>11. Were you able to execute? If yes, how so? If not, why do you think that is?</p> <p>12. How will you plan to execute the strategic plan within your department next year?</p> <p>13. How will you plan to execute the strategic plan within your department over the next three to five years?</p>
Diversification Bias and the Empathy Gap	<p>14. How will your budget tie into the strategic plan this year?</p> <p>15. Do you primarily focus on meeting your budget or fulfilling the initiatives of the strategic plan? How and why?</p> <p>16. Did you plan for your budget to remain aligned with the strategic plan? If yes, what did you do?</p> <p>17. Did your budget and strategic plan misalign at some point? If yes, why do you think it didn't?</p>
Forecasting and Memory	<p>18. How did the budget allocation from last year influence your decision(s) to allocate your budget this fiscal year?</p> <p>19. How did your budget tie into the strategic plan last year?</p> <p>20. If your budget and strategic plan are linked, how did your decisions last year affect your budget allocation and strategic plan execution decisions this year?</p> <p>21. What were the disruptors to your budget and strategic plan last year? What were the trade-offs you experienced to course-correct?</p>
COVID-19	<p>22. Did COVID-19 impact your budget this fiscal year? If yes, how so? What will you do to adjust?</p> <p>23. Did COVID-19 impact your strategic plan? If so, how? What adjustments were made, if any?</p> <p>24. What is your level of confidence that your budget and strategic plan will remain aligned during the pandemic? Why is that?</p> <p>25. What can you do to influence whether your budget remains aligned with the strategic plan?</p>

## Appendix C: Informed Consent Form

Georgia State University  
Department of Executive Doctorate Business Administration  
Informed Consent

Title: Analyzing the Budget and Strategic Plan Relationship: A Case Study Approach

Principle Investigator: Dr. Denish Shah

Student Investigator: Tina Wilson

This Informed Consent Form has two parts:

- Information Sheet (to share information about the study with you)
- Certificate of Consent (for signatures if you choose to participate)

You will be given a copy of the full Informed Consent Form

### Part I: Information Sheet

#### **Introduction**

The strategic plan and budget remain essential factors in the strength of most organizations. Organizations only have a finite amount of financial resources to deploy to continue to carry out its vision, mission, and goals. The purpose of the budget is to funnel those financial resources to execute that mission. Many organizations, however, experience a divergence between their strategic plan and budget. Although related, many organizations find themselves with a budget misaligned with its strategic plan.

This proposed study examines why this happens within the public sector, where it is equally important to have alignment within this relationship. These organizations often have tighter budgetary constraints, public service commitments, legal restrictions, and policy implications. Committing to a strategic plan and allocating a budget are both temporal decisions that often unfold over different time horizons. The question remains whether decisions made at one point in time, with consequences that play out over time, helps to explain why there is a disconnection between the budget and strategic plan. An exogenous shock or disruption, such as the COVID-19 pandemic, may further intensify the disparity between the budget and strategic plan. A total of 25 participants will be recruited for this study. Participation will require no more than 90 minutes of your time.

#### **Purpose of the research**

The purpose of this study is to examine how behavioral economics, specifically temporal dimensions of behavior, helps explain how misalignment occurs between the budget and strategic plan in a large municipality over the course of a fiscal year. We also seek to understand if an exogenous shock, such as the COVID-19 pandemic magnifies misalignment between the budget and strategic plan.

#### **Type of Research Intervention**

This research will involve your participation in an interview with the student investigator. Participation will require no more than 90 minutes of your time.

### **Participant Selection**

You are being invited to take part in this research because of your experience and involvement with the budget and strategic plan within a large municipality.

### **Voluntary Participation**

Participation in this research is voluntary. You do not have to be in this study. If you decide to be in the study and change your mind, you have the right to drop out at any time. You may skip questions or stop participating at any time. Whatever you decide, there will be no consequence.

### **Procedures**

If you volunteer for the study, you will be asked to participate in an interview.

With your consent, the interview will be conducted over a secure Webex teleconference. There are no right or wrong answers to questions asked in the interview. Notes will be taken by the investigator during the interview. The interviews will also be digitally audio-recorded to facilitate data collection. The information recorded is confidential, and no one else except the investigators named will have access to the information documented during your interview. The information you provide will be stored on password-protected drives. When I present or publish the results of this study, I will not use your name or other information that may identify you. All audio recordings will be stored and kept private using passwords. Audio recordings will be destroyed no later than December 31, 2022.

### **Duration**

The interview should take no more than 60 minutes of your time. If necessary, I may ask you to participate in a follow-up interview for clarification. The follow-up interview should last no more than 30 minutes.

### **Risks**

In this study, you will not have any more risks than you would in a normal day of life.

### **Benefits**

There will be no direct benefit to you, but your participation is likely to help to find out more about the relationship between the budget and strategic plan.

### **Reimbursements**

You will not be provided any incentive to take part in the research.

### **Confidentiality**

I will not be sharing information about you to anyone outside of the research team. The information that I collect from this research project will be kept private. Any information about you will have a number on it instead of your name. Only the researcher will know what your number is and that information will remain password protected. It will not be shared with or given to anyone.

### **Sharing the Results**

The findings of this research may be shared through publications or conferences.

### **Who to Contact**

Contact Dr. Denish Shah at [shah@gsu.edu](mailto:shah@gsu.edu) or Tina Wilson at [twilson46@student.gsu.edu](mailto:twilson46@student.gsu.edu)

- If you have questions about the study or your part in it
- If you have questions, concerns, or complaints about the study

Contact the GSU Office of Human Research Protections at 404-413-3500 or [irb@gsu.edu](mailto:irb@gsu.edu)

- If you have questions about your rights as a research participant

- If you have questions, concerns, or complaints about the research

**Copy of Consent Form to Participant:**

I will give you a copy of this consent form to keep.

**Part II: Certificate of Consent**

I have been invited to participate in research about the relationship between the budget and strategic plan.

If you are willing to volunteer for this research and be audio recorded, please sign below.

I have read the foregoing information, or it has been read to me. I have had the opportunity to ask questions about it, and any questions I have asked have been answered to my satisfaction. I consent voluntarily to be a participant in this study

Print Name of Participant \_\_\_\_\_

Signature of Participant \_\_\_\_\_

Date \_\_\_\_\_  
Day/month/year

## Appendix D: Informant Recruitment Email

As a key person involved in the development and/or responsibility of the budget and strategic plan, you are invited to participate in a research study to understand why misalignment occurs within this relationship. An interview will be conducted over a secure WebEx teleconference bridge. The purpose of this study is to examine how behavioral economics, specifically individual decisions that play out over time, and the potential influence of time, helps explain how misalignment occurs between the budget and strategic plan in a large municipality over the course of a fiscal year. I will also explore the implications of an economic shock, such as COVID-19, within this relationship.

Participation in this study may not benefit you personally. However, your participation is likely to help better understand more about the relationship between the budget and strategic plan. A total of 25 participants will be recruited for this study. Each interview is expected to take no more than 60 minutes of your time. If necessary, a second interview may be needed to clarify any items from the initial interview. The follow-up interview should last no more than 30 minutes.

Please note that participation in this research study is voluntary and confidential. You may choose to withdraw your participation at any time. Should you choose to participate in this research study, a formal consent letter and interview protocol will be emailed before the scheduled interview. Please let me know your interest by September 1, 2020.

Please feel free to contact me if you have any questions or concerns. Thank you so much for your time.

Sincerely,  
Tina Wilson  
Principal Investigator – Student

Doctorate Candidate, Class of 2021  
J. Mack Robinson College of Business  
Georgia State University  
Email: twilson46@student.gsu.edu

**Appendix E: Supplemental Documents Reviewed**

1. FY21 Proposed Budget Book
2. FY21 Adopted Budget Book
3. City Housing Affordability Action Plan, June 2019
4. City Services and Code Enforcement Handbook, 2019
5. City Annual Report (various offices of the Mayor)
6. Department of Finance Strategic Plan, October 2019
7. Department of Watershed Management Strategic Plan 2022
8. Department of Transportation, Strategic Transportation Plan, November 2019
9. Department of Fire Strategic Plan 2019-2024
10. Economic Development Strategic Plan, July 2020
11. Urban Redevelopment and Mobility Plan, 2019

## Appendix F: Additional Coding Sample Excerpts

This appendix is designed to provide additional text and coding samples from the interviews, consistent with the coding schemas in Tables 9 and 10 (*See Chapter IV. Methodology IV.4 Data Coding*). Each section notes the Code, keywords and concepts, and higher-level analysis of what the interviewees were describing. Each excerpt contains information to identify separate interviewees or “Files” represented by P#, it’s reference within the interview, and highlights how that excerpt was coded in the blue text following.

### Appendix F.1 Coded at Adaptability

Keywords and concepts: *living document, flexible, communication tool, addresses core functions*

Interviewees were describing the **document** (budget or strategic plan).

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200906 1456-1 P4> - Reference 1 - 0.55% Coverage

We have not, and our goal is not to have to actually do that. For us not to have to do that, we have to make modifications in the budget process as well as the departments budgets, and their strategic plan. (Flexibility)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200906 1456-1 P4> - Reference 3 - 0.47% Coverage

My concern is that the absence of the strategic plan does not allow us to be nimble enough to know how to adjust things and know how to prepare for things that actually occur. (Flexibility)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200912 2123-1 P19> - Reference 1 - 2.32% Coverage

Even if we had budgeted this amount of money for this type of product and this type of money for this type of services, if something else happens within the organization that has a higher priority or something comes up with a higher priority, we have to make an adjustment and say, "We're not going to be able to do this, and we're not going to be able to pay for this". Or, "We're not going to be able to do this or travel for training. We just have to cut it out". That's how we start allocating. (Flexibility)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200908 2140-1 P18> - Reference 8 - 0.86% Coverage

We don't have a choice but to keep that aligned, because every year we establish what those budgets will be. We have to track that, and continually track that. Again, I see some



alignment issues, and I am basically looking at those on a monthly basis when we see a misalignment we will basically make adjustments. It has to be a very dynamic process. (Flexibility)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200912 2123-1 P19> - Reference 1 - 0.07% Coverage

It just continues to be that living document and will resurface if it is not successfully fulfilled. (Living document)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200915 2151-1 P3> - Reference 1 - 0.05% Coverage

By utilizing the city's budgeting tool, and its applications to just formulate the document as a communication tool, and as a financial planning document. It's more to assist in the development end but then to execute a formal plan through the city's budget system. (Communication tool)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200912 2123-1 P19> - Reference 1 - 0.07% Coverage

It's a very lean budget. It was lean. We had enough to do our core functions. There's no extra. (Addresses core functions)

## ***Appendix F.2 Coded at Presence of a Champion***

Keywords and concepts: *experience, ownership, influence, accountability*

Interviewees were describing an **individual responsible**.

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200908 2339-1 P6> - Reference 2 - 0.86% Coverage

It's things like that we put it on our radar early so that there's funding for it and make sure that there's proper expectations and a team dedicated to make sure that that initiative comes to fruition. (Ownership)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200908 2339-1 P6> - References 3-4 - 3.15% Coverage

I think *having the planning and coordination meetings ahead of time and having the expectations set around*, which initiatives are the ones that we're going to carry out through the year and we have *touch base points throughout the year*, just to sanity check where people are with their initiatives. I think that always helps and gives us some good level of accountability along with the exercise of going through and prioritizing those initiatives. It's not one of those things where you do one time in the beginning of the year and don't visit it back again. *It keeps people engaged throughout the year which I think helps in the success* of making sure that the strategic priorities in the budget are aligned and for the most part adhered to. (Accountability)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200912

1404-1 P20> - Reference 2 - 1.40% Coverage

We give each item in the strategic plan a process owner and we work with them to implement the initiatives. For instance, if one of the initiatives was accreditation by the department, and so we have an accreditation manager and she has a calendar of deliverables, when they're supposed to be met, and so we check in to see where we are. (Ownership)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200912 2123-1 P19> - Reference 1 - 0.29% Coverage

(You must have) one of those persons who just make sure everything gets done. (Influence, Accountability)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200912 1817-1 P16> - Reference 1 - 0.06% Coverage

That part is missing. From my experience over the seven years, there are competing goals and priorities that muddies or makes driving as a unified strategic plan toward its ultimate fruition. In a government as large as mine, there's a lot of people, places and things that makes a unified strategic vision a reality, for lack of a better term. (Experience)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200918 2146-1 P17> - Reference 1 - 0.04% Coverage

My role is more as a senior advisor, I would say, and using my past experience to help inform decisions that are made. (Experience)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200913 1813-1 P34> - References 6-7 - 3.37% Coverage

The way that we went about it was structure and ownership. Look, we've got 33 goals that we laid out that we need to start working towards, and let's align ownership to each goal, and let's start trying to report against them. (Ownership)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200913 1813-1 P34> - References 9-10 - 1.89% Coverage

Ultimately, we built them out and then we determined accountability based like what team would deliver, something like that. If it was building X miles of sidewalk, then what team is responsible for building sidewalk in the city. Ultimately, they're the ones that should be held accountable to that metric or if it was a communication metric, that might've been the communications team. We tried to divvy everything up to somebody and then there were certain areas. The groups of goals fell under certain let's call them themes. We also tried to have an owner of every theme that might have several goals under it. (Ownership, Accountability)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200913 1813-1 P34> - Reference 11 - 3.32% Coverage

Just something that came up as we definitely spoke through the strategic plan but as just you think about the budgeting process and all that, there's a big disconnect between accountability and budget and strategic plan. I don't believe that departments are held accountable to delivering their strategic plan. I don't believe that departments are fully held accountable for the budget. Then I don't think that budget is involved in development of each strategic plan.

As you think about the world like that, you end up in a space where you see a lot of misalignments. I think that's what you see at City Hall. You see departments not hitting their budget. You see them doing that time and time again because of limited accountability and limited controls. Then like you see vast reporting on things that they don't really matter. Like a lot of metrics being collected and then we say, we care about. Then you look at the meetings and who comes into review them. What happens if you don't hit them? The answer is nothing. Then why are we wasting our time? That's a part of it also. (Accountability)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200913 2012-1 P8> - Reference 5 - 2.03% Coverage

I think you have to go into it with the idea that your budget should be there to support your strategic efforts, not you just create a budget to create a budget to get through the process and not drive towards success based on a strategic element. No, I think that's absolutely important. A large part of that was making sure that we held, and we could do a better job at this, but making sure that we held the departments more accountable to align with those strategic efforts. We put in clear letters of expectation and drove toward that and had monthly accountability and tracking mechanisms in place. (Accountability, Ownership)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200913 2012-1 P8> - Reference 6 - 2.03% Coverage

I think the bigger element in the conversation is really *holding the commissioners and the department leaders accountable to meet their goals within the budget or below budget*, to be honest with you. I think the elements that we stood up around, the development of a 5 and 10% operational efficiency structure that we're going to be implementing will help them do that. There's a number of other initiatives that we stood up that we'll be working through and some hopeful *realignments within our back office* areas that I think will also help drive toward that alignment within budget and strategy as well. (Accountability)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200916 2155-1 P32> - References 4-5 - 2.85% Coverage

Yes, they report on both presentation wise and verbally on where we stand in accomplishing our goal for that initiative. We do it weekly because what I started to find out is that you get so much. If everybody's working towards the same goals, we started to figure how much we can accomplish in a week, and when things do slip, and things are supposed to happen, they're caught. I think when they come to those meetings on Tuesday, and this is a combination of middle management, project managers, first-level support, whoever is engaged on that particular project, we talk about everything associated with it. You have a very diverse group of individuals who are working on that. We find out what the issues are. By the time we come back to that next meeting, we expect a lot of them to be addressed. (Accountability)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200916 2155-1 P32> Reference 6 - 1.25% Coverage

It misaligned, I think, in some areas of expectation just on where responsibility lie between who was responsible for what application and who wasn't. I think that's where the misalign nt happened in coming in really learning the whole budget process. (Ownership)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200908

2140-1 P18> - References 2-3 - 0.47% Coverage

Understanding roles and responsibilities in delivery of the program, and who should be doing what, and making sure those people vested with that responsibility are allowed to do what they do. ([Ownership](#), [Influence](#))

### ***Appendix F.3 Coded at Loss Aversion***

Keywords and concepts: *punishment/reward system, (lack of) autonomy, leadership commitment, buy-in, governance/government structure, leadership stability, discipline*

Interviewees were describing **culture**.

References 1-2 - 0.90% Coverage

Because continuous improvement is more about managing the nature of how we do our job in a different way. We will always have aspects about budget that allows staff to do or to get additional training, and additional levels of expertise. One of the things that I do realize is that *continuous improvement is also a mindset* by definition. ([Autonomy](#))

Reference 7 - 0.45% Coverage

*(We must) still safeguard the financial resources of the city. That will be dramatically impacted.* It really an all hands on deck type of attitude that we actually have to have. ([Buy-in](#))

Reference 4 - 0.50% Coverage

A challenge is basically honoring your commitments, whether it'd be master scheduling and maintaining the schedule that has been agreed to cost management, at a certain point you lock down your budgets. ([Leadership commitment](#))

Reference 5 - 0.69% Coverage

You stay consistent with the budget established at that point, so therefore you have to stay consistent with scope as well schedule. Time is money, scope is money, and once you commit to a budget for a project, basically maintaining that. Then incorporating the tools to monitor. ([Leadership commitment](#), [discipline](#))

Reference 7 - 1.16% Coverage

What we found is the governance process, again aligns scope, schedule and budget, as you go through the life cycle of the project. In that alignment, you actually have line of sight on. You signed off on the scope, schedule and budget at the various phases of work. You ensure you

have the proper deliverables that there's line of sight within the organization on what we're trying to do to stakeholders. (Governance)

#### References 1-2 - 0.43% Coverage

We've already *came together as a consensus* to highlight what we consider our strategic priority areas. (Leadership commitment)

#### Reference 3 - 2.39% Coverage

A lot of it is- some of it carries from year to year, but some of it could be specific to one fiscal year. Example of there is- one of the areas that I focus on in financial resiliency is we always looking for opportunities to refinance existing debt and look for opportunities to save the utility money. That opportunity might not be there every fiscal year but some fiscal years that opportunity is there. We would address that ahead of time and outline it as an initiative, if we think it's feasible and we would do that with the other priority areas as well. (Discipline)

#### Reference 4 - 0.37% Coverage

Laws can get passed that can impact your business, so you have to have that flexibility. (Government structure)

#### References 5-6 - 3.15% Coverage

I think *having the planning and coordination meetings ahead of time and having the expectations set around*, which initiatives are the ones that we're going to carry out through the year and we have *touch base points throughout the year*, just to sanity check where people are with their initiatives. I think that always helps and gives us some good level of accountability along with the exercise of going through and prioritizing those initiatives. It's not one of those things where you do one time in the beginning of the year and don't visit it back again. *It keeps people engaged throughout the year which I think helps in the success* of making sure that the strategic priorities in the budget are aligned and for the most part adhered to. (Leadership commitment, Buy-in)

#### Reference 2 - 1.09% Coverage

I think it was intentional. I've been here five- over five years and some other people in our office have been here longer. I guess we know what we need to get by and to stay within our budget and our strategic plan. (Autonomy)

[<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200910 2144-1 P2 tw reviewed>](#) - § 12 references coded [17.53% Coverage]

#### Reference 1 - 4.11% Coverage

I really think that we could start as early as October, bring in the department heads together, and I know department heads would say, "I got work to do, I don't have time to come to these planning meetings," but they need a representative there that has full knowledge of what's going on in that part of the city's operation. By bringing them all together, you can talk about priorities, what's of greatest priority, what's the greater responsibility of each one of these sub-organization, departments within the city. You got to put them up on the board, and as you talk through them, people have to be honest and see, "Wow, I'm not that important. I may fall down around a little bit. I am important, but I may fall down a little bit." As you go through that exercise, you're going to recognize what the priorities are, first, second, third, fourth, et cetera. Then you got to begin to have your conversations, talk about the importance of it, what is really required to accomplish, what's important or priorities is within those various departments and/or divisions. As you filter that out, some things are going to become obvious. I think part of what I'm seeing now is the fact that everybody wants to say that they're most important without realizing what really is in terms of the priority listed. I think to be able to come together and see that priority listing unfold, people will understand, "Okay, we got to do this, this and this, and this is what it costs," money will begin to get skinny. People have to recognize what we have to work with, but it costs a lot to move forward. (Leadership commitment, Buy-in)

#### Reference 2 - 0.94% Coverage

My problem is that the way the city is set up, it detracts from my responsibilities because we do a little bit of work and then they push us off the first chair. They've been in the mayor's office, and give that responsibility to someone else. If you get going in one direction, and you got plans and how we're going to accomplish what we deem to be most important. (Autonomy)

#### Reference 3 - 2.66% Coverage

Of course there again, I think we're missing that strategic planning aspect of it, we get going in one direction and then here comes somebody else, they're going to have different ideals. Without having had a collaborative session, i.e. a strategic plan, there are going to be some things that miss. You got the goals, viewed through the eyes of two or three people versus another team, then you have that divide. You also have a divide of departments wanting to do things. I think a lot of the problem is, it's a me, me, I, I, I situation, whereas we need to come together and think of it more as a we situation. Though the city does a great job running the commercials, we are ATL, but when you put it in practice, we're not doing that. We're missing on opportunity to spread out, see what's going on and come together in the end. (Leadership commitment, Autonomy)

#### References 4-5 - 2.89% Coverage

That's another thing. In terms of developing a great strategic plan, you need to have buy in. You need to have a leader which needs to come from the top. Then that leader will put it out there to the point where everybody needs to understand you need to buy into this. You need to buy into this, that being a strategic plan. If you don't get that leadership from the top, and people feel like it is not important to the boss, why should it be important to me? That's key. If you don't have, one of the pains that I had in aviation, is like herding sheep. You can't get them all going in the same direction. They just spread out and run all over the place. There lies a greater possibility for you not to be successful or not as anywhere near as successful as you should be. That's that pyramid I'm talking about. You got everything laid out on the lower level, but as it begins to gain transactions, and working toward common goals. If you got your cats and your sheep, it's just out there and it's just running all over the place. It's hard to accomplish the goals in an efficient manner, or accomplishing them, period. (Leadership commitment, Buy-in)

#### Reference 6 - 0.98% Coverage

That's just the thing, I don't think we got a chance to sit first chair. We may have had some ideas and then the mayor's office kind of takes over, we may not get a chance to implement exactly what we felt was best, which may mean that we have to-- I guess finance probably does a better job than just anybody. Hold back and say, "Okay, we won't be able to do any and everything. (Autonomy)

#### Reference 8 - 0.24% Coverage

I would really like to see it grab the attention and be supported more so from the top down (Leadership commitment)

#### Reference 10 - 0.46% Coverage

The majority of top. You're here to put your head of finance understands that, to get buy-in from the chief operating officer, the mayor's office. You got to get buy-in from them. (Leadership commitment, Buy-in)

#### References 1-3 - 6.02% Coverage

Another component that we're actually realizing now, but it would have had an impact back then as well, is direct pay invoices, because those invoices don't necessarily go through the regular PO process. They, in a sense, bypass that and the funds availability check and go straight to paying the invoice out. (Discipline)

#### Reference 1 - 1.84% Coverage

Politics of course plays a part in that. For solid waste, we're going to have to start over. We're redoing the rates right now. It's going to be critical for us to have a strategic plan that really matches what the organization can do and will do going forward. I think that the strategic plan that we've put together this year is going to be most critical. This is this really going to set what we can do in the next three to five years? (Government structure)

Reference 2 - 1.92% Coverage

Oh right now, we know you were looking at the strategic plan. Right now we're just trying to tread on water because we've been hit heavily at the top. Most of my focus now is just on trying to understand the operations or keep them moving and then keeping the employees engaged in a time of uncertainty. I don't even know how to answer that. Everything that we're doing now is it's pretty much reactionary. It's very difficult to get into the planning part. (Leadership stability)

#### ***Appendix F.4 Coded at Degree of Communication***

Keywords and concepts: *clear direction (vision, mission), defined objectives/goals, departmental alignment with organization's objectives, performance assessment (feedback)*  
Interviewees were describing **group interaction and messaging**.

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200908 2140 P18> - Reference 12 - 0.36% Coverage

(Having) proactive financial accounting and making sure you've got operating systems that support of what you're doing. You actually look at those reports. ([Performance assessment](#))

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200906 1456-1 P4> - Reference 1 - 0.29% Coverage

Be able to develop the vision as well as help to construct mission statements and work our way through ([Clear direction](#))

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200906 1456-1 P4> - Reference 1 - 0.07% Coverage

It actually aligns with some of the mayor's initiatives, which for us, is always the funding of those initiatives, or providing guidance on the funding of those said initiatives that are outlined in her strategic plan. ([Departmental alignment with organization's objectives](#))

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200906 1456-1 P4> - Reference 1 - 0.05% Coverage

I think the most important aspect of this is our ability to try to create as much transparency with departments as well as with the administration, but hoping that that actually goes both ways. ([Clear direction](#))



<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200906 1456-1 P4> - Reference 1 - 0.07% Coverage

First of all, understand what her goals are, and whether some of her goals can be met, but not maybe in the full context of what she initially intended. (Defined objectives/goals)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200908 P18> - Reference 1 - 0.80% Coverage

It starts by a vision that's taking people where they want to go to today and tomorrow. The mission is to advocate and provide safe multimodal transit services that advance prosperity, connectivity, and equity for a more livable region. The priorities associated with that. (Clear direction, Defined objectives/goals)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200908 2339-1 P6> - Reference 1 - 2.75% Coverage

They complement the mayor's strategic plan and mayor's initiative. What we do is we have our strategic priority areas that we focus on as a utility and within those strategic priority areas we allow for an adaptation of the mayor's or an executive vision for those certain areas. For example, with one of our areas is financial resilience and within financial resilience, one of the initiative areas under financial resilience is also affordability. That's something that we would tackle from the mayor's initiative that would align with one of our strategic priority areas. (Departmental alignment with organization's objectives)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200908 2339-1 P6> - Reference 2 - 4.33% Coverage

Halfway through the year we have a touch base meeting of where we're at with the initiatives. We color-code them in green, either they're complete or on task to be complete. Yellow are initiatives that have some challenges and could be addressed and that initiative is a little bit behind schedule. Red is that there's just some critical deficiencies with that initiative.

We assess and have a good conversation around if some of those critical initiatives could not be met for one reason or another. I mean, there could be some valid reasons, there could be a regulatory requirement why it can't be met, there could be a significant lag in procuring services to make sure that delivery gets met and we're not going to be able to meet it this year just based on some of the structural issues that could happen throughout the year. We touch base and we see where we're at and we assess the feasibility of those initiatives being completed within the fiscal year. (Performance assessment)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200910 2144-1 P2> - Reference 1 - 6.31% Coverage

I think that's just a part of what the strategic plan can do for you. It can identify what's most important, what the goals are, who the customers are, what it takes to satisfy or be accommodating to those customers. In this case, much of it would be the citizens. I just think as you spread that out, and you're doing it in the face of everybody there assembled, meaning all departments represented, I think we would do a better job as a city to show what we have to do, but as we work the way I believe it's done now in silos, I don't think it exposes one hand to the other. I think we could come to get the better with a strategic plan, it opens the floor so that everybody can see and make a contribution in terms of what their area of responsibility is, how they view it, and just go from there. (Clear direction, Defined objective/goals)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200911 2110-1 P11> -  
Reference 1 - 2.23% Coverage

We are basically a key partner in working towards the city of Atlanta's strategic plan as a whole. Basically, the initiatives or actions that are undertaken within the Department, help to guide the city and get them to a point where we're fiscally responsible, and steer each of the departments in the same direction, so the city as a whole is in a healthy financial position.  
(Departmental alignment with organization's objectives)

Reference 5 - 2.37% Coverage

If it doesn't align with the mayor's initiatives for the city as a whole. That's something that during the monthly meetings we've had with departments someone in the executive team would really make departments think about, "Okay, so if you're going to do this, what are you not going to do? What are you going to or what are you going to forego so that we're still meeting that strategic plan that the mayor has outlined and while staying within your budget?"  
(Departmental alignment with organization's objectives)

Reference 8 - 7.29% Coverage

I think definitely keep lines of communication open with the departments. In our office, the analysts are assigned to certain departments and there's communication daily. I think that needs to continue and we're working closer and closer with the departments. We're diving deeper into their budget and trying to work with them on their plans, whether it's short term or long term. By getting in front of any potential issues, it will avoid the end of year scramble that we usually see to clean up any expenditures or pay out any invoices last minute and allow us to provide appropriate guidance in planning for the current fiscal year.

Like I said before, the meetings that we're doing is another communication stream for us, and that is happening every month. It allows us to check in with the department every single month, show them exactly where they are. I think being in front of them, whether it's virtually or physically having those conversations on a regular basis is definitely going to help us keep aligned with the plan and the budget keeping in mind that these are the goals of the city, and this is what we have to do, or this is what our plans are to get to that goal.

Like I said, main thing with that is communication, keeping those lines of communication open, and it's going to be two ways. We've got to be able to listen to each other and work with each other on how we are going to meet the strategic plan for the city as a whole. We can't think of us as just individual departments. We have to work together with one another. (Performance assessment)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200912 1404-1 P20> -  
Reference 1 - 0.82% Coverage

Yes. We look at what the mayor's initiatives are, and all of our strategies or initiatives should mirror the mayor's initiatives. (Departmental alignment with organization's objectives)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200912 1612-1 P22> -  
Reference 3 - 0.94% Coverage

However, what operating departmental strategic plans may be or the direction that they may want to go still has to be aligned with what our (Mayor's) office really wants us to see or where we really want to go going forward. (Departmental alignment with organization's objectives)

### ***Appendix F.5 Coded at Perception of the Budget and Strategic Plan***

Keywords and concepts: *budget development, strategic plan development, realistic vs. unrealistic expectations, budget drives strategic plan, strategic plan drives budget*

Interviewees were describing **process**.

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200906 1456-1 P4> -  
References 16-17 - 1.96% Coverage

*Why not have a discussion about the strategic plans as part of the budget process. You would get the natural questions of, okay, so what this budget represent, we've been able to achieve that or what parts of this budget represent or what does this budget is part of what you're trying to achieve in the strategic plan. Some of the things that you want to achieve maybe, I can achieve this aspect of it this year, then the next aspect I'll achieve next year. It's not a discussion that tends to ensue when we're developing a budget. I think that one of the things that you probably need to consider. It forces departments to plan. If they know that this is what they have to address. It forces them to do it and that can only be good. (Budget development, Strategic plan development)*

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200908 2339-1 P6> -  
Reference 1 - 1.58% Coverage

You would address the resources of the department by first and foremost, budgeting for the things that are non-negotiable. For example, we are under a consent decree requirement, there has to be enough capital allocation there to meet those requirements. Making sure facilities wastewater treatment, water treatment, have enough funding to perform their daily functions. After that, what we do is we would work together as a senior management team to really tease out our strategic priority areas. (Budget drives strategic plan)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200909 2340-1 P7> -  
Reference 1 - 2.46% Coverage

Every year, we have these budget meetings with departments and they come in with a long wish list of items. They always come in with a big wish list, and I'm sure that a lot of the things they bring in would assist with the mayor's initiatives of being in a safe and welcoming city, but we can't fund everything that they bring at the table. I'd say that's a huge challenge, is *prioritizing* what's at the top of the list and what's at the bottom of the list. (Realistic vs. unrealistic expectations)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200910 2144-1 P2> -  
References 4-5 - 6.18% Coverage

I think that's just a part of what the strategic plan can do for you. It can identify what's most important, what the goals are, who the customers are, what it takes to satisfy or be accommodating to those customers. In this case, much of it would be the citizens. I just think as you spread that out, and you're doing it in the face of everybody there assembled, meaning all departments represented, I think we would do a better job as a city to show what we have to do, but as we work the way I believe it's done now in silos, I don't think it exposes one hand to the other. I think we could come to get the better with a strategic plan, it opens the floor so that everybody can see and make a contribution in terms of what their area of responsibility is, how they view it, and just go from there. (Strategic plan development, Strategic plan drives budget)

Reference 7 - 2.66% Coverage

Of course there again, I think we're missing that strategic planning aspect of it, we get going in one direction and then here comes somebody else, they're going to have different ideals. Without having had a collaborative session, i.e. a strategic plan, there are going to be some things that miss. You got the goals, viewed through the eyes of two or three people versus another team, then you have that divide. You also have a divide of departments wanting to do things. I think a lot of the problem is, it's a me, me, I, I, I situation, whereas we need to come together and think of it more as a we situation. We're missing on opportunity to spread out, see what's going on and come together in the end. Right now, the job is to come up with some initial points. (Strategic plan development, Realistic vs. unrealistic expectations)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200912 1404-1 P20> -  
Reference 1 - 1.67% Coverage

The strategic plan is the roadmap for the future for the department. It talks about your strategies, and goals, and tools to use to reach the goals, measurements, et cetera. The strategic plan for the department is typically something that is done after a budget is set. A strategic plan shouldn't be done before you do a budget, but we fit a need to plan after the budget set. We do it backwards. (Strategic plan [should] drive budget)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200912 1940 P21> -  
Reference 1 - 1.93% Coverage

Every year we take a very thoughtful approach. We identify areas where we think we can improve from our operational standpoint and really strategically look at our capital program. We have a five year and a 10-year capital improvements program. We, this past year, updated our masterplans, which are our five year projections. Well, beyond five years. It really-- Some of the projections are for the next 20 plus years. We try to prioritize those planned projects, so that we're able to work within anticipated revenue and budgetary targets, while still delivering the services that we're tasked to deliver. Then also still making those necessary investments in our infrastructure. (Strategic plan drives budget)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200912 2123-1 P19> -  
Reference 1 - 2.99% Coverage

(For example) if we have-- 60% of our fire stations are greater than 50 years old. We need to replace every single last one of them, but we know that the budget in the city is not going to be able to do that. That's not realistic, but it's on our strategic plan. Whether it gets done or not or fulfilled, that's a different story. It'll be on the strategic plan, saying that these buildings that are greater than whatever age need to be replaced. Can we accomplish it? Maybe not. Not in 2020. We'll try 2021. We'll try 2022. It just continues to be that living document and will resurface if it is not successfully fulfilled. (Realistic vs. unrealistic expectations)

Reference 2 - 0.45% Coverage

When it comes to allocating those budget resources, we do the things that absolutely must happen. (Budget development)

Reference 4 - 5.38% Coverage

We were able, for example, just as we were preparing for budget season, and you know how the financing and stuff works out. As we were starting to prepare, we started saying, okay, if we're going to do this, this and this, we're going to need this, this and this, or this amount of

money and this amount of money. We did produce this short term dollar figures to say this is how much all of this is going to cost. We didn't necessarily say it was related to our strategic plan, but they were things that are in our strategic plan that we've given to everybody in the world. In a nutshell, it's one of those things where we have tried our best to set ourselves up in the best position possible.

I think you know better than I that each year *we're given* a budget say, here you go, and that's the reality. I do believe that the administration has been listening to us, and they are super supportive of us in everything that we do. I will say that we're given that budget. Once we get the budget, we say, okay, here's what we got. We start either trimming-- Pretty much we start trimming what is definitely not essential, and pretty much everything is essential. (Budget drives strategic plan)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200913 1813-1 P34> -  
References 2-3 - 2.24% Coverage

I guess that's safe to say, there are 1,000 things you can do, you put all of them into the strategic plan, and then you end up doing a certain portion of the hundred based on your budget. What the strategic plan allows or has helped us do is make an argument for our budget, talk about what the trade-offs are at various budget levels, and then pick things that are within the strategic plan that are the highest priority that we want to ensure that we drive, depending on where the budget lands.

I could say pretty confidently, that the strategic plan is used to help inform the budget. We use it to ask for additional resources, but we don't do a bottoms up budget plan that is based on the strategic plan that would be ideal. (Strategic plan drives budget)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200913 2139-1 P14> -  
Reference 1 - 2.12% Coverage

I think that the strategic plan definitely should be in place before you start to plan your annual budgets. The way we do it, we develop our strategic plan in five year increments. Over those five years, the strategic initiatives should be laid out in such a way they touch five fiscal periods. The strategic plan drives the annual budget, in my opinion. However, sometimes the limitations of the budget can impact whether or not the strategic plan gets accomplished. (Strategic plan drives budget)

## ***Appendix F.6 Coded at Temporal Dimensions***

Keywords and concepts: *focus on short term vs. long term, contingency planning, priorities/prioritization, focus on day-to-day operations, focus on core functions, dependencies/downline impacts*

Interviewees were describing **how they perceived and planned for now vs. later.**

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200906 1456-1 P4> -  
Reference 1 - 0.50% Coverage

I think *what's actually missed in that opportunity is for people to take into account what is actually going on at the very moment and what will be going on in the next year to two years.* (Dependencies/downline impacts)

Reference 3 - 1.02% Coverage

(The process) doesn't really promote a lot of planning within the budget process to be able to specifically say, "I'm going to set aside funding for this." I think departments assume that the budget amount that they get will take care of those operational and strategic things that they have in their plan. I think that's *one of the fallacies* that most departments actually have to deal with. (Focus on short term vs. long term)

Reference 5 - 0.51% Coverage

An effective strategic plan is one that still lives within the confines of what you do on a day to day basis. I just don't think that there's that level of specificity around how that aligns. (Focus on day-to-day operations)

Reference 11 - 0.83% Coverage

It has had a *profound effect on how we now need to start to just not manage what we think that we can achieve in this fiscal year with reduced resources, but to look out two or three years ahead* and try to still maximize our ability to provide services under the constraints of this epidemic or this pandemic. (Contingency planning, Focus on short term vs. long term)

Reference 12 - 0.75% Coverage

This pandemic has actually caused us to take a real hard look in departments and see where we can not just adjust for lost revenues but also plan for the future around what the city's expenses will be and how we react to that. Looking ahead and not just in the span of a moment. (Contingency planning, Focus on short term vs. long term)

Reference 13 - 0.14% Coverage

Ensuring you can execute three to five years from now (Focus on short term vs. long term)

Reference 15 - 1.10% Coverage

That in itself has actually allowed us this year to be able to gather enough information and just only through experience here that we feel like that'll be able to imagine what a strategic plan would be with the inclusion of the impacts of COVID-19. That is going to be how we move forward within the next two to three years. Our strategic plan would definitely be forward-looking because it won't be the same. (Contingency planning)

Reference 23 - 0.25% Coverage

You will always be in the moment and by in the moment, I mean, within the current fiscal year. (Focus on short term vs. long term)

Reference 27 - 0.37% Coverage

Some of the things that you want to achieve maybe, I can achieve this aspect of it this year, then the next aspect I'll achieve next year. (Priorities/prioritization)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200908 2140-1 P18> -  
References 11-12 - 0.64% Coverage

Prioritization is a keyword. When you looking in a three to five or 10-year range and having a good line of sight on that prioritization. You actually have to really do a lot of thought on that. (Priorities/prioritization)



Reference 18 - 0.62% Coverage

Again, going back to that prioritization, making sure that we could fund the projects that are a priority to the organization, and you begin to cut some of the projects that didn't carry the same level of significance. We had to make those adjustments. ([Priorities/prioritization](#))

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200916 0002-1 P26> -  
Reference 1 - 1.63% Coverage

We did and the actions we're going through, again, this internal process of (staying committed to) our core values as our organization. That helped us to become aligned and very clear on what we need to do as far as our deliverables for the organization. (Focus on core functions)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200908 2339-1 P6>  
Reference 1 - 0.87% Coverage

Of course within our utility, the prioritization is always going to be things that pertain to *public health, safety and regulatory matters. Those are non negotiable.* You always have to address those first. ([Priorities/prioritization](#), [Focus on core functions](#))

## ***Appendix F.7 Exogenous Shock***

Keywords and concepts: *productivity, re-assessment, agility, preparing for the future, economic impact, uncertainty, continued service, re-evaluation*

Interviewees were describing **how they perceived COVID impacts, whether there were opportunities to become more efficient, opportunities to eliminate or reduce wasteful spending, or amplified focus to maintain current service levels or minimally disrupt operations.**

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200906 1456-1 P4> -  
Reference 1 - 1.19% Coverage

How do we continue to perform at a high level when certain things occur and/or how we can make real-time adjustments in the course of a year when something goes a bit awry or there is an event that actually comes about, and which is what we did for the last quarter of fiscal year '20. Again, because of COVID and because of some administrative and executive orders, it caused a dramatic shift in how the city's workforce performs its duties. ([Continued service](#))

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200908 2140-1 P18> -  
Reference 1 - 1.21% Coverage

If you reduce the operation, it gives you a window that you can get in and execute that project faster. We found that to be the case on a number of projects. We took the opportunity to actually do more work on some of the projects that we couldn't have done if we were operating full steam, or with the normal pace going through the station. We began stuff like escalators and elevators. We begin to do more rehabilitation on those, because we didn't have the normal people using the system. ([Productivity](#))

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200908 2339-1 P6> -  
Reference 1 - 3.07% Coverage

We reallocated a lot of *travel, training and expense budgets. Reduced those as well* and really try to focus our operating budget on the core business that we perform and making sure that we have enough funding to address all our varied infrastructure and day to day operations. (Re-assessment, Continued service)

Reference 3 - 2.80% Coverage

We're going to end up going to a new normal and some of it quite frankly, *we might have gained some efficiencies* that we didn't see in our strategic plan. Working from home and having the ability to use technology more effectively has improved a lot of things that we were doing. (Productivity)

Reference 4 - 1.53% Coverage

I think for COVID specifically, that old tool, that *old mechanism of looking at historical trends to be able to forecast future outcomes might have significant risks associated with it.* What we have to do is that we have to work closely with our other partners, other agencies and people that have better understanding of what the future really might look like. (Re-evaluation)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200911 2110-1 P11> -  
Reference 1 - 3.25% Coverage

In our budget office we went through several exercises and made basically efficiency cuts between 5%-8% on certain non-personnel accounts. That just goes to show that that was going to be done across the board so that everyone would realize that these things are having an impact citywide. It's not just your department getting the cut. In order to adjust, we did make cutbacks on expenses to help plan for that. Certain projects that they knew were not funded, departments were advised upfront. If it's not funded, you should not be going forward unless there is an alternative that comes up or you forego certain things in order to make this happen. Those are the things that we did to adjust for this current fiscal year. (Uncertainty, Agility)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200912 1612-1 P22> -  
References 1-2 - 1.92% Coverage

I think it really changed. I think the organization-- Yes, I think COVID-- Just based on what we hear from a revenue projection standpoint on a monthly basis, I think it's been articulated that COVID has and will have a continuing impact. It's just the nature of how much revenues are collected, what are departments expected to deliver upon, what is the adjustment that has to be made, that sort of thing. I think that's the degree to which COVID has changed how we think about budgeting and strategic planning but also, I think, having the ability to really prepare for such. (Economic impact, Preparing for the future)

Reference 3 - 2.36% Coverage

Historically, at least, from what I can tell, the city finance department has done an exceptional job in planning for these types of events, not knowing what's going to happen. I think the damage had we not had the structure in place to make sure that we're funding long-term. I would definitely say that COVID, finance covered the backs of everybody, whereas the departments themselves, I'm not sure would have been really prepared for an anomaly such as COVID or something of the like. (Preparing for the future, Uncertainty)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200912 1817-1 P16> -



Reference 1 - 3.01% Coverage

If we're not able to meet the challenges of the current year, the chances of us being able to meet the challenges in three to five years are somewhat diminished. Therefore, it's very important to meet the challenges of this year, understand gaps in budgets, the economic realities of what's going on in the community and in the economy so that we can frame ourselves and craft a strategic plan to meet those challenges in the future. (Economic impact)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200912 1940 P21> -  
Reference 3 - 1.93% Coverage

Again, I think the COVID conditions have- it's just really changed how we operate, our day-to-day operational structure. We've got over 1400 employees throughout the department. About 1000, a little bit over 1000 are considered frontline, mission critical or essential. Those are the ones on the ground that are doing work every day. A lot of balance of those are folks that are on a telework posture. (Re-assessment)

References 4-5 - 1.62% Coverage

All the expenditures related to COVID, we would do normal touch base cleanings at all of our facilities, but now because of this we're having to really ramp things up. I think it's going to be something that we're going to have to continue to do for some time. Those expenditures are something that has changed how we even think about just day-to-day operations of our facilities. Then all of the associated expenditures, again, related to the PPEs and equipment that we're tasked with providing folks, we really begin to give some thought to just how we operate day-to-day. (Re-assessment)

References 6-7 - 2.32% Coverage

Again, having a good amount of staff members working at home. Identifying groups that are really become probably more efficient working from home, and understanding which ones again, may need to review when we began the process of returning to work. Understanding which is which, purely work from home versus hybrid kind of a scenario. All those things are going to really impact our overall operations and budget. Really beginning to give some thought to that. Just changing our day-to-day work schedules, how that's going to impact our overall budget through fiscal year 21. I think those are the main things. It's just the impacts from COVID and how it's going to change the future of how the Department of Watershed Management operates from a day-to-day perspective while still delivering the services to rate payers. (Productivity, Re-evaluation)

References 8-9 - 1.14% Coverage

Again, in the current environment that we're in with COVID, it's going to allow us to give more thought to the plan for the future. Despite the conditions, I think we have a huge opportunity to make some significant gains in efficiency in all the areas and become more financially resilient and control cost probably more than ever now it's going to be important just because of the nature of the market. (Productivity, Preparing for the future)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200913 1813-1 P34>  
Reference 3 - 2.28% Coverage

There might be certain objectives in the plan that we're just going to drop altogether. For example, what might be a good example, community engagement objective that focused on having better meetings and all these things. Well, that's kind of dead in the water because we're not going to be meeting in person. Actually, we probably either need a whole new set of objectives there, or we just need to realize that those objectives are no longer relevant. (Re-evaluation)

Reference 6 - 1.75% Coverage

We are finding that we can do a lot more things remote and some of the teams function better remote. That means we want better enable those teams, so maybe we're finding our engineers are able to pump out designs faster remote. Well, if they're designing stuff faster than maybe we do not need as big of an engineering team. On the frontlines, people are driving less. That should be less wear and tear on our roads. Do we need to have as big of a pothole team as we used to have? Some of these things we're trying to figure out but we don't have clear answers involved. (Productivity, Re-assessment, Uncertainty)

<Files\\Research Interview Analyzing the Budget and Strategic Plan Relationship-20200913 2012-1 P8> -  
References 3-4 - 2.85% Coverage

It impacted it quite a bit. I have a view that, from an operating perspective, we drive the execution of the budget within the departments. To the extent that the COVID-19 pandemic will impact our revenues in a way that causes us to not be able to have enough funding in order to drive against the budgets that we've allotted, then I need to be very careful and thoughtful about having levers to pull if we need to reduce costs very quickly, in a moment. While we've done that a lot during that fiscal year and preparing for this fiscal year rather, there's still more opportunities, because the COVID pandemic certainly can have even direr impact on us as we go on FY22. Looking at operational efficiencies and strategies to reduce costs has to be considered as part of those strategic efforts going forward, which ultimately will impact our budget. (Economic impact, Re-assessment, Re-evaluation)

Reference 5 - 0.99% Coverage

I had some very lofty plans of doing some things a little differently. Unfortunately, we have to manage to the times rather than just reorganizing and reshuffling and moving things in a way that I think would have certainly saved us some money, but also given us a better streamlined operation. (Productivity)

Reference 6 - 1.62% Coverage

We had to realign priorities. We had to realign strategy within the strategic elements that we were focusing on. Some things we just simply couldn't do. A large part of that was to squeeze in some of those other ancillary expenses that you know about, that we talked about during the budget process. The only adjustment is really you have to dial back your strategic priorities in order to be able to manage the things that you feel are most important given the impact to the budget. (Re-evaluation)

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## VITA

### TINA WILSON

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Email: [tina.wilsoncpa@gmail.com](mailto:tina.wilsoncpa@gmail.com)

### EDUCATION

Candidate: Doctorate in Business Administration, Georgia State University, J. Mack Robinson College of Business, Atlanta, Georgia, Graduation Date: May 2, 2021.

Masters of Business Administration, Georgia State University, J. Mack Robinson College of Business, Atlanta, Georgia, Concentration: Finance, May 1999.

Bachelor of Business Administration, Mercer University, Stetson College of Business, Atlanta, Georgia, Major: Accounting, Minor: Management, May 1995.

### PROFESSIONAL PROFILE OVERVIEW

Tina Marie Wilson is a Certified Public Accountant with over 25 years' experience working in finance and accounting within both the private and public sectors. She is an active member of the American Institute of Certified Public Accountants and the Georgia Society of Certified Public Accountants.

Mrs. Wilson is currently the Deputy Chief Financial Officer for the City of Atlanta, where she oversees Revenue, Budget and Fiscal Policy, and Enterprise Risk Management offices. Before joining the City of Atlanta, she worked on two multi-billion dollar capital improvement programs at Hartsfield-Jackson Atlanta International Airport, where she held various finance roles.

### CONFERENCE PRESENTATIONS

*“Analyzing the Budget and Strategic Plan Relationship: A Case Study Approach”*

Presented research in progress at the Doctoral Consortium and a Poster during the 10<sup>th</sup> Engaged Management Scholarship (EMS) conference hosted by Case Western University in September 2020.

*“How Do Influencers Influence?” Blount, Gregory, Wilson, & Shah*

The co-author presented a Poster during the 9<sup>th</sup> Engaged Management Scholarship (EMS) conference hosted by the Antwerp Management School in Antwerp, Belgium, in September 2019.